

FINANCIAL TIMES

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Britain's EEC veto fades away, Page 17

London	100.00	100.00	100.00	100.00
New York	132.00	132.00	132.00	132.00
Frankfurt	155.00	155.00	155.00	155.00
Paris	100.00	100.00	100.00	100.00
Geneva	100.00	100.00	100.00	100.00
Singapore	100.00	100.00	100.00	100.00
Stockholm	100.00	100.00	100.00	100.00
Osaka	100.00	100.00	100.00	100.00
Manila	100.00	100.00	100.00	100.00
Bombay	100.00	100.00	100.00	100.00
Calcutta	100.00	100.00	100.00	100.00
Delhi	100.00	100.00	100.00	100.00
Madras	100.00	100.00	100.00	100.00
Bangkok	100.00	100.00	100.00	100.00
Colombo	100.00	100.00	100.00	100.00
Port of Spain	100.00	100.00	100.00	100.00
Jakarta	100.00	100.00	100.00	100.00
Sydney	100.00	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00	100.00
London	100.00	100.00	100.00	100.00

NEWS SUMMARY

GENERAL BUSINESS

Iraqis destroy five ships in Gulf

IRAQI SAUDI jets destroyed five ships attempting to enter an Iranian port at the northern end of the Gulf.

A further two vessels were said to have been damaged when they strayed into a mined area.

There was no immediate confirmation of the claim, but from the wording of the statement it seems unlikely that any oil tankers were involved.

Iraq also claimed to have shot down an Iranian F-14 interceptor over the Khor Musa channel.

European recovery loses impetus

RECOVERY of European economies may have lost a little of its momentum in recent months, employers' organisations from leading industrialised countries believe. However, they hope that that represents only a hesitation in a slowly improving trend.

Reagan ahead

President Reagan has taken a 19 per cent lead over Democrat Walter Mondale in the run up to November's presidential election, according to the latest Gallup opinion poll.

Unity pledge

Richard von Weizsäcker, sworn in as the sixth president in the 35-year history of West Germany, promised to work for a united Germany.

Protesters fined

West German state prosecutors ordered 445 anti-nuclear protesters to pay summary fines of up to \$800 each for illegal blockades at a U.S. Air Force base in Ramstein last autumn.

Beirut accord

Lebanon's Christian militias joined Moslem paramilitary groups in approving a Syrian-sponsored security plan for the greater Beirut area.

Threat to Likud

Three weeks before Israel's general election, the opposition Labour Party is well ahead in opinion polls, and experts believe the ruling Likud coalition has little chance of closing the gap.

Union leader ill

Len Murray, general secretary of the UK Trades Union Congress, fainted on a march to commemorate the 150th anniversary of the Tolpuddle martyrs and was taken to hospital.

Canada reshuffle

Canada's new Premier John Turner said his weekend Cabinet reshuffle was the prelude to more extensive changes after the next general election.

Bolivia 'stronger'

Bolivia's government has emerged strengthened after President Hernan Siles Zuazo was kidnapped for 10 hours on Saturday by a commando group led by an officer of the presidential guard.

Women win vote

Liechtenstein's male voters agreed by a slim margin of 2,370-2,251 to allow women the right to vote in national elections.

Financial Times

Publication of the international edition of the Financial Times resumed in Frankfurt last night although the industrial dispute involving IG Druck, the West German print union, remains unresolved.

Eurobond market's trust in trust unshaken by fraud

By Maggie Urry in London

UNION BANK of Switzerland has revealed that the fraudulent trades between the senior Eurobond dealer at its subsidiary, UBS Securities Inc in New York, and Bear Stearns International in London, go back at least into 1983 and there could have been something earlier on.

A spokesman for UBS said: "It was near impossible to detect anything irregular until the volume became so big that there was reason to become suspicious."

Caught up in the problem is the London office of Sun Hung Kai, a Hong Kong securities and banking firm, which acted as broker in some of the transactions. A spokesman for Sun Hung Kai has said that its sister company Sun Hung Kai Bank has no involvement. As Sun Hung Kai was the counter-party to some unsettled trades, it may suffer some loss. Other brokers may be in a similar position.

The case again illustrates that in what is a virtually unregulated market, the honesty of individual participants - whose salary and bonus may reach \$135,000 a year - is all that prevents fraud. It also shows that cheating can be very difficult to detect when it happens.

As one senior dealer put it: "You have to trust traders - they always have an advantage. If they choose to go outside the normal ethics of trading, manipulate the prices on their books, they can do things which do not come to the attention of the firm."

There is no central supervision of the market, and as deals are made across national boundaries, no one country takes responsibility for regulation. For instance, the Bank of England, which watches over the other markets in London, has little involvement in the Eurobond market.

Control of trading activities is therefore undertaken by each firm, and each has its own system. Some dealers are critical of management at firms where frauds are committed. One dealer said: "I can see how it can happen - but only if the control systems can allow it to happen. It is an indictment of management systems if it does."

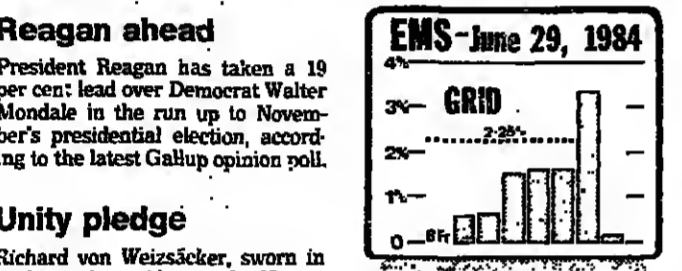
W. German print union holds back from strike settlement

By Rupert Cornwell in Bonn

WEST GERMAN print unions and employers were last night making heavy weather of their latest attempt to settle the shorter hours dispute which has plagued the West German newspapers since the middle of April.

Despite the settlement of the similarly motivated strikes in the engineering industry last week, talks in Düsseldorf between IG Druck, the printer and paper union, and the publishers had made little discernible progress by yesterday evening.

A spokesman for IG Druck warned that the 35-hour week compromise which ended the engineering strikes was "not entirely suitable" for the print dispute. Several thousand union members were said to be on strike again yesterday, meaning that some West German papers may be affected today.



Soviet Union rejects U.S. 'conditions' on space weapon talks

By David Buchan in Moscow

THE SOVIET UNION yesterday firmly rejected the U.S. administration's acceptance of Moscow's offer to hold talks on banning space weapons because it was hedged with preconditions.

The official Tass news agency put out a statement that described Washington's response to the Soviet proposal, made last Friday, to discuss the demilitarisation of outer space in Vienna in September as "totally unsatisfactory."

The statement said the intention expressed by the U.S. to raise nuclear arms control at the talks amounted to a precondition.

The speed of the U.S. response, which came on the same day as the Soviet offer, clearly caught the Kremlin by surprise, Tass said, despite the "hasty American reply."

The Soviet offer to negotiate a ban on anti-satellite and anti-ballistic missile weapons was still on the table. The Soviet Union, however, is clearly not keen to be drawn into renewed negotiations about strategic and medium-range nuclear missiles.

The Soviet Union withdrew last November from the Start negotiations on long-range missiles and the Intermediate-Range Nuclear Force (INF) talks on medium-range weapons. It still refuses to re-enter those negotiations until the U.S. reverses deployment of cruise and Pershing missiles in Western Europe.

Banks rule out interim deals with Argentina

By William Hall in New York and Peter Montagnon, EuroMarkets Correspondent, in London

LEADING creditor banks will make no further deals with Argentina to allow it to meet quarterly interest payments on \$43.6bn of foreign debt. The move is designed to push Argentina towards agreement with the International Monetary Fund of an economic stabilisation programme.

The vicious circle of quarterly reported debt deadlines "is busted," said Mr William Rhodes, senior vice-president of Citibank of the U.S.

He was speaking shortly after announcing measures to enable Argentina to cut interest arrears on its foreign debt by paying \$370m that had fallen due before April 2.

The deal came at the end of a series of crises on Argentine debt which have occurred each quarter as U.S. banks struggled to obtain payment of bank interest to protect their quarterly profit performance.

However, Friday's agreement leaves Argentina facing a rapid succession of smaller repayment deadlines during the next quarter, each of which is intended to spur it towards an agreement with the IMF.

Under the agreement, Argentina has made \$25m available from its own reserves to help bring interest payments on its public sector debt current through to April 2. But the balance of \$125m needed to meet this target is to be provided by a 45-day advance from leading commercial bank creditors.

Argentina will not receive this money until today. As a result it has missed the June 30 deadline for reducing its interest arrears to less than 90 days, and U.S. banks will have to declare their Argentine loans "non-performing" when reporting their second-quarter results.

This will eat into their profits, although the effect will be less serious than previously expected because Argentina paid over its \$25m share of the deal on Friday night - before the quarterly deadlines expired.

Mr Rhodes, chairman of the 11-bank advisory committee which is making the \$125m advance, said at the weekend that this would be the last time creditor banks acted together to force a deal on interest payments ahead of a quarterly reporting deadline for U.S. banks.

The banks will take the bite on non-performing loans," he said. The deal, which was not finalised until well after midnight European time, followed a week of tense discussions between Argentina and the advisory committee, which had to pay more or less duplicated the one devised by Herr Georg Leber, the independent arbitrator in the metal workers' dispute.

This incorporated a 36-hour week from April 1 next year (to replace the present standard 40-hour week), plus wage increases of 3.3 per cent from yesterday and 2 per cent from June 1983. Print workers have been offered a flat payment of DM 150 to cover the three months since the expiry of their last contract.

The loose ends in the engineering strike, which lasted over seven weeks, are being rapidly tied up. On Saturday, the Hesse branch of IG Metall, the engineering union, accepted the Leber formula, and the ballot of members needed to ratify the deal should be completed in time for work to restart on Thursday.

Similar voting in the original strike area around Stuttgart should be finished today. The car manufacturers which have been paralysed by the country's worst ever industrial dispute, affecting 330,000 workers in all, are now set to resume production this week in most cases.

Coal strike will not damage UK financial strategy, brokers say

By Max Wilkinson, Economics Correspondent, in London

THE BRITISH miners' strike is unlikely to blow the Conservative Government's financial strategy off course, even if it continues until the end of the year, according to financial analysts in London.

Extra costs can be absorbed within the Government's reserve for unforeseen contingencies, analysts say in reports published today. Some brokers, however, believe the Government might be forced to raise electricity prices and perhaps introduce some spending cuts if the dispute continues beyond the autumn.

Mr Gavyn Davies, chief economist for stockbrokers Simon and Coates, expresses the consensus, however, when he says: "We as yet see no need for an emergency July package of general public expenditure cuts."

He estimates that the 3½-month miners' strike, with higher public-sector pay deals than expected and supplementary spending estimates already presented to parliament, may have absorbed about £2bn (\$2.7bn) of the Government's £2.7bn contingency reserve. That will be partly offset by the late payment of last year's £200m rebate from the EEC.

The weekly cash cost to the Government in increased borrowing is estimated at £2m to £3m. That does not take into account another £3m to £40m representing the consumption of existing coal stocks.

Mr Stephen Lewis, analyst with Phillips and Drew, believes the total net cost to the Government of the strike ends by the autumn would be about £3.2bn, but he says that could be reduced to about £1.8bn by offsetting measures including some price increases.

Government revenues have been boosted, however, by the effect on North Sea oil taxation of sterling's fall against the dollar. Mr Lewis thinks those revenues might be about £1bn more than the budget estimate in March.

The strike will reduce the growth of total UK output this year, but most analysts believe that almost all of the loss will be recouped in 1985, assuming that coal stocks are then rebuilt.

The broking firm James Capel believes growth will be reduced to about 2½ per cent this year against a previous estimate of 3 per cent, although Wood MacKenzie sees output increasing by 3 per cent this year, despite the strike, slowing to about 2½ per cent in 1985.

Brian Groom writes: The Conservative Government and the National Coal Board yesterday intensified efforts to encourage a return to work by striking miners and to isolate Mr Arthur Scargill, president of the National Union of Mineworkers, within his union.

Mr Leon Brittan, Home Secretary, attacked "buggery" on picket lines and in mining villages and called on Mr Scargill to disown "intimidatory tactics."

That followed a speech by Mr Peter Walker, Energy Secretary, on Saturday in which he blamed Mr Scargill personally for prolonging the strike and endangering the jobs of miners and steelworkers.

The intensification of the propaganda war was accompanied by signals from Mr Walker and Mr Ian MacGregor, NCB chairman - apparently directed at strike leaders whom they consider more Desable than Mr Scargill - that the door was still open for talks.

In a radio interview, Mr MacGregor was more conciliatory than he has been since talks with the NUM collapsed last month. He confirmed that the board had maintained contact with the pit supervisors' union Nacods as a possible intermediary, and said the pit closure issue should be dealt with through the industry's consultative procedures.

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OVERSEAS NEWS

Canada's new PM promises further changes after poll

BY BERNARD SIMON IN TORONTO
THE CABINET reshuffle in Canada, which took place at the weekend...

Weizsaecker sworn in as President

By Rupert Cornwell in Bonn
HERR RICHARD von Weizsaecker, who was yesterday sworn in as the sixth President...

Deng is firm on HK's prosperity

BY MARK BAKER IN PEKING
CHINA'S leader, Deng Xiaoping, has said here that China must succeed in maintaining the prosperity of Hong Kong...

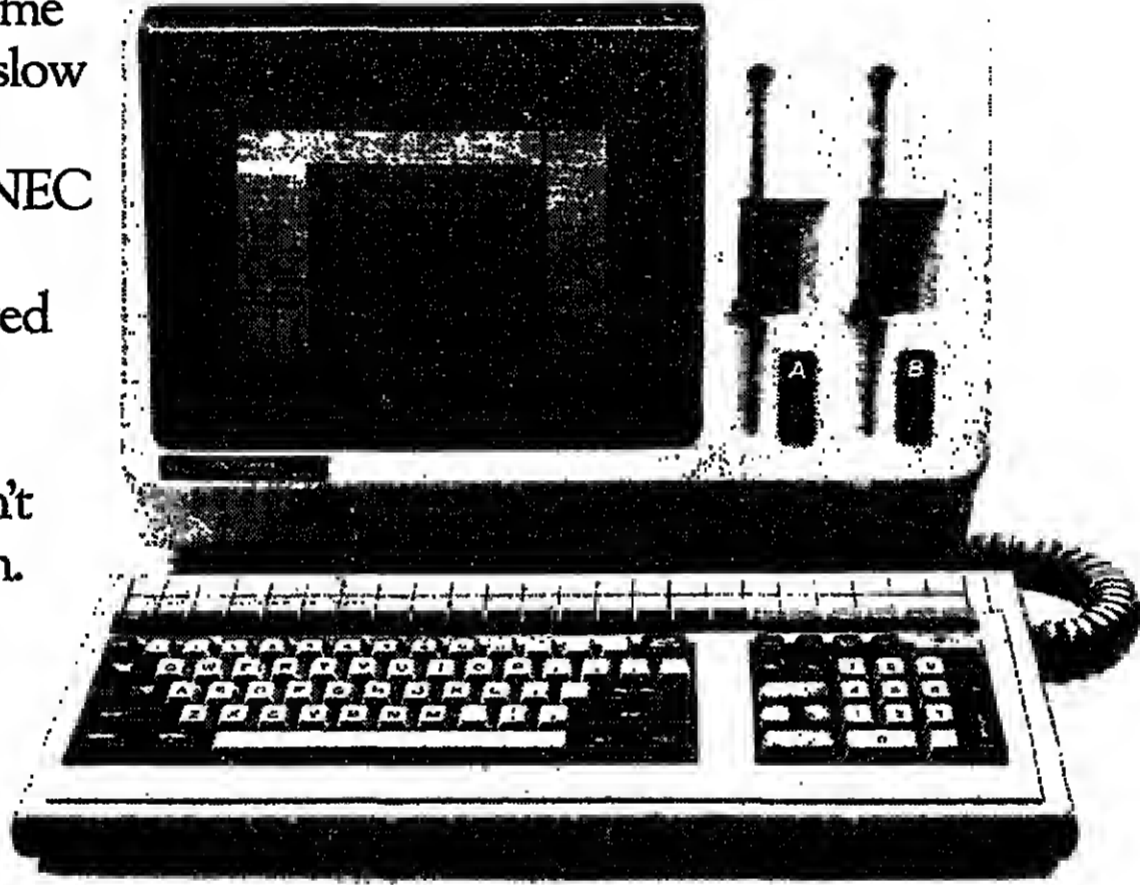
Rebirth for Algeria's farming revolution

By Francis Gilles, recently in Algeria
THEY USED to talk in Algiers of an agrarian revolution - indeed, the phrase was embedded in the very title of the ministry of agriculture...

Heracles directors accused of incompetence

BY ANDRIANA IERODIACONOU IN ATHENS
TRATE SHAREHOLDERS of the Heracles General Cement Company, the Greek cement producers...

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Signs of recovery in France

By David Housego in Paris
FRESH SIGNS of a modest pick-up in activity in the French economy have emerged with a new survey of business opinion.
According to the official statistics institute, Insee, both the capital goods and intermediate goods sectors are benefiting from some recovery in demand...

Norwegian kroner may weaken by 2%

A NEW method of calculating the official exchange rate index for the Norwegian kroner, to be adopted on July 2nd, will probably mean a 2 per cent weakening of the kroner, according to the Bank of Norway, writes Flemming Dahl from Oslo.
The bank announced on Saturday that it would now use a geometric average in its calculation of the official exchange rate index.

Liechtenstein's men vote yes

THE MEN of Liechtenstein, Europe's last bastion of male supremacy in politics, yesterday agreed by a slim margin to give women the right to vote in national elections. In a referendum in the tiny principality, wedged between Switzerland and Austria, 2,570 voted for women's suffrage and 2,251 against, after 86.2 per cent of the electorate turned up at the polling booths.

Bolivian government strengthened after abortive kidnapping

BY HUGH O'SHAUGHNESSY IN LA PAZ

THE 19-month-old Government of the left-of-centre President Hernan Siles Zuzo of Bolivia has emerged strengthened from the tragic events of Saturday, in which he was kidnapped from his residence for 10 hours by a commando group led by Lt Col Celso Campos Pinto of the Presidential Guard.

President Siles' efforts to bring the armed forces under control resulted in revolts last month in various military and naval units at the second city, Cochabamba and in the eastern lowlands, where the bulk of the cocaine is cultivated. These revolts culminated in the abortive kidnapping of the President on Saturday.

IMF credit suspended as Guatemalans go to polls

BY DAVID GARDNER IN GUATEMALA CITY

AS GUATEMALANS went to the polls yesterday to elect a constituent assembly charged with drawing up a new democratic constitution, disbursement of the \$60m (\$44m) remaining of the country's IMF standby arrangement was suspended. This follows the Fund's dissatisfaction with the military Government's attempts to hold down the budget deficit.

has had little success with tax reforms introduced last year, and an increase in the current account deficit of about \$200m is now expected. The introduction of new taxes, particularly Value Added Tax, was one of the factors which led to the overthrow of the previous military government of Gen Efraim Rios Montt.

U.S.-Cuba dialogue likely

HAVANA—Cuba and the U.S. could start talks soon on emigration and the deportation of Cuban criminals held in U.S. jails, officials from both sides said yesterday.

political parties in the U.S. and won't be made into an election issue. Sr Ricardo Alarcon, Cuba's Deputy Foreign Minister, declared yesterday: "I see no reason why the idea of dialogue on the question won't get the support of both parties."

FBI arrests Mexican fugitive

By Ronald Buchanan in Mexico City

Sr Arturo "El Negro" Durazo, the former Mexico City police chief and the most celebrated fugitive from President Miguel de la Madrid's anti-corruption campaign, has been arrested in San Juan, Puerto Rico, Mexico will formally seek his extradition today from U.S. authorities, the Mexican attorney general's office said.

The arrest, carried by the U.S. Federal Bureau of Investigation acting on request from the Mexican branch of Interpol, came as a shock to most Mexicans. They had assumed that Sr Durazo would never be caught because of his immense wealth and network of high level contacts.

The Government regards de la Madrid's campaign, known as "moral renovation," as a vital element in maintaining credibility in the system while harsh austerity measures are being implemented. But opposition politicians say that, even if Sr Durazo is extradited and brought in trial, his punishment will not mean victory for "moral renovation." They say that the persistence of corruption within the system is reflected in the political survival of gangster-like elements in the trade unions and in the failure to track down the assassins of Sr. Bueland, the country's top investigative journalist who was killed a month ago.

Sikh mutineers 'will be punished'

India's Army Chief of Staff Gen A. S. Vaidya warned troops yesterday that Sikh soldiers who mutinied and deserted to protest at the army siege of the Golden Temple in Amritsar would be severely punished. AP reports from New Delhi.

Iraq claims five ships hit in Gulf

BY OUR FOREIGN STAFF

IRAQ claimed yesterday to have attacked and destroyed five ships attempting to enter the Persian port of Bandar Khomeini at the northern end of the Gulf.

A military spokesman in Baghdad said the attack by Iraqi jets and naval units took place near the Khor Musa channel. Five vessels were claimed to have been hit and a further two were said to have been damaged when they strayed into a mined area.

There was no immediate confirmation of the Iraqi claim and from the wording of the statement from Baghdad it seems unlikely that any oil tankers were involved. Iraq last week concentrated its attack on tankers using the Kharg Island oil terminal, south of Bandar Khomeini. The second vessel to be hit, the Tihuron, has now reached Bahrain with its cargo intact after a fierce blaze in the stern of the ship was extinguished.

Iraq also claimed yesterday to have shot down an Iranian F-14 interceptor over the Khor Musa channel.

Arab Cuf states, headed by Saudi Arabia and Kuwait, are anticipating an Iranian response to the latest Iraqi attacks and have increased the number of aerial patrols over Gulf shipping lanes.

Ayatollah Ruhollah Khomeini, Iran's religious leader, yesterday hit back at critics of Iran's unwillingness to make peace with Iraq. He told a meeting of more than 700 people in Tehran that those who advocated peace were opposing religious teachings.

The Ayatollah warned other countries in the area not to become infected by the conflict. President Ali Khamenei also warned Arab Gulf states to keep out of the conflict. If they continued to support Iraq they would be "entering a fire from which they will not escape easily."

Christian militias back Beirut security plan

BY NORA BOUSTANY IN BEIRUT

LEBANON'S Christian militias joined other Moslem paramilitary groups yesterday in announcing their approval of a Syrian-sponsored security plan for the Greater Beirut area.

The Druze militia of the progressive Socialist Party took the lead on Saturday by collecting heavy weapons from the capital and transporting them in long convoys to the hills east and south of the capital.

The Saïte Amal movement yesterday disclosed that its leader, Mr Nabih Berri, had ordered preparations for the withdrawal of heavy arms as

well as soon as implementation of the security plan begins.

Mr Fady Frem, commander of the Christian militia forces, declared he consented to the security arrangements which were approved by the Lebanese Government last week on condition that they did not compromise the morale of his fighters or their military structure.

The security blueprint envisages an effective deployment of the fractured Lebanese Army in both sectors of Beirut following steps aimed at reintegrating its units which splintered along religious lines last February.

BASF '83

BASF Aktiengesellschaft Notification of Dividend

The Annual General Meeting of the Company held on 29th June 1984 confirmed a dividend in respect of the year ended 31st December 1983 of DM 7 per share of DM 50 nominal value.

The dividend will be paid on or after 2nd July 1984 net of 25% withholding tax against submission of the right half of the renewal form at one of the paying agents listed in issue no. 120, dated 30th June 1984, of the German Federal Gazette, the "Bundesanzeiger". In accordance with the Double Taxation Agreement of 26th November 1964, as amended on 23rd March 1970, between the United Kingdom and the Federal Republic of Germany, withholding tax in respect of shareholders resident in the United Kingdom is reduced from 25% to 15%. To claim this reduction, shareholders must, before 31st December 1988, submit an application for reimbursement to the Bundesamt für Finanzen, Koblenzer Straße 63-65, D-5300 Bonn-Bad Godesberg.

In the United Kingdom the dividend payment, which is free of charge, will be made in Pounds Sterling with conversion from Deutschmarks at the rate prevailing on the day of submission of the renewal form and will take place through the London offices of the following banks:

Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB.

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Laurence, Prust & Co. Basildon House, 7-11 Moorfields, London EC2R 6AH. 01-606 8811 and at 2-4 Oldknow Road, Marple, Nr. Stockport, Cheshire SK9 7BX. 061-427 0458 Lloyds Bank Plc Registrars Department Issue Section 111, Old Broad Street, London EC2N 1AU. 01-623 1283

And from the following offices of Lloyds Bank Plc: Birmingham: P.O. Box 155, Colmore Row, Birmingham West Midlands B3 3AD. Bristol: P.O. Box 153 SE, Corn Street, Bristol, Avon BS69 7LE. Manchester: P.O. Box 358, 53 King Street, Manchester, Lancashire M60 2ES. Edinburgh: 113/5 George Street, Edinburgh EH2 4TF.

The application list will open at 10.00 a.m. on Thursday, 5th July, 1984 and may be closed at any time thereafter.

WORLD TRADE NEWS

Paris sceptical of speedy deal on Anglo-French telecoms

BY DAVID MARSH IN PARIS

FURTHER top-level talks between Britain and France over reciprocal telecommunications sales between the two countries are to take place in London today amid mounting pessimism in Paris about hold-ups in progressing towards a firm deal.

Although CIT Alcatel with its E-10 digital exchange will still have a chance of gaining British orders, the tender system will make the outcome less likely and also cause further delays in reaching agreement.

Since the reciprocal sales idea was first broached last October, the two countries' telecommunications authorities, along with CIT Alcatel and the makers of Britain's System X, Plessey and GEC, have been engaged in long-running discussions on technical questions and costs.

The companies are also interested in possible future co-operation on manufacturing new generations of equipment. A key stumbling block however has been prospective BT

denationalisation. UK officials have been more alive than the French to short-term questions of gaining value for money from equipment purchases. This has limited British responsiveness to French arguments about uniting European industry in the longer-term interest of standing up to U.S. and Japanese multinationals.

Telecommunications collaboration was discussed at a meeting earlier this month in Paris between Mr Norman Rebbit, the UK Trade Secretary, and M Laurent Fabius, the French Industry Minister. Mr Rebbit was said by officials to have shared French worries about protecting European electronic industries from further encroachment by International Business Machines. Some French officials, however, believe that newly-internationalised American Telephone and Telegraph represents a far greater threat to Europe than IBM.

West in fresh call for tariff reductions

ELTVILLE-ERBACH — Major industrial nations at the week-end pledged to speed the dismantling of import tariffs to reduce protectionism and help developing countries out of the international debt crisis.

After two days of informal trade talks here between senior officials from the U.S., Canada, Japan and the EEC, Herr Wilhelm Haferkamp, the European Commission vice-president, said: "In a climate of protectionist pressures, it is important to come up with a signal towards dismantling tariffs."

Herr Haferkamp told a Press conference that the meeting of the group reaffirmed plans to speed a phased reduction of tariffs set out under the 1982 General Agreement on Tariffs and Trade (GATT) work programme.

Inconclusive halt to Lomé talks

BY IVO DAWNEY IN BRUSSELS

THREE DAYS of grueling talks between the EEC and 64 African, Caribbean and Pacific (ACP) countries on a new five-year trade and aid pact ground to an inconclusive halt at the week-end.

But, despite blockages in almost all key sectors, M Claude Cheysson, the French President of the EEC Ministers, claimed the negotiations are now "in the home straight."

The slow progress has, nevertheless, come as a disappointment to the French, who had hoped to end their six months' presidency of the Council of Ministers with a successful conclusion to the talks.

Both sides are now preparing to resume talks in the early autumn when it is widely believed pressure for agreement will force sufficient concessions to push through a deal.

This would clear the way to formal signing in Lomé, November, in time for the pact to come into force at the expiry of the current five-year Lomé Convention next March.

Obstacles to a deal remain formidable, not least due to internal disagreements within the EEC over the level of financing to be made available.

Britain, backed by West Germany, favours only a marginal increase in the ECU 5.6bn (£3.4bn) package provided in 1980, but a substantial improvement in access for ACP products to the Community market.

France, along with Greece and Italy, fears trade concessions will hurt domestic producers, and, therefore, proposes instead the maintenance of previous aid levels in real terms, giving a total figure of about ECU 8bn.

agreed, however, not to name their final figure until the financial and technical details on how the money is to be administered are concluded.

Among the main areas of contention remaining are:

• EEC demand for greater control over how ACP countries spend their allocations, with specific assurances that money given to bridge shortfalls in primary commodity output are ploughed back into that sector;

• ACP calls for greater preferential access to the EEC market. So far, the ten are offering only to review each case as it arises and to ensure that trading terms will equal those of any other third-country agreement;

• ACP pressure for a relaxation in the Community's stringent rules of origin conditions, which insist that goods from

the ACP must have between 40 and 60 per cent value added in the country concerned before preferential tariff rates apply.

The Community has now offered a universal 50 per cent figure;

• A series of ACP requests for financial reforms, including European Investment Bank aid for agriculture, better loan conditions, lower interest rates, and longer grace periods.

One significant concession has, however, been made by the EEC. This allows ACP countries to conclude multi-annual contracts to buy Community surplus farm produce at prices fixed at world market levels on a year-by-year basis.

This will allow the ACP to plan purchasing requirements without suffering wildly unpredictable fluctuations in costs during the period that the contract runs.

Turkey strikes energy deals with USSR

By David Barchard in Ankara

TURKEY and the Soviet Union are to step up energy co-operation with the construction of a natural gas pipeline and a second energy transmission line in the Caucasus region.

The location of the pipeline was not specified in an official announcement, but is expected to run through Turkish Thrace from Bulgaria. Mr Yagut Ozal, Turkey's Prime Minister, recently said that a natural gas powerplant would be constructed outside Istanbul.

The pipeline will have an initial capacity of 2bn cubic metres of natural gas, rising later to 5bn.

The semi-official Anatolia news agency quoted Ahmet Kurttepe Altıemecin, the Minister for State, as saying that the pipeline would be constructed in a maximum of 18 months by the Turkish pipeline company Botas.

He said talks about the purchase of the natural gas would get under way in Moscow in late July or early August.

The Minister, who was speaking after the seventh meeting of the Turkish-Soviet Joint Economic Commission, said Turkey would purchase 720m kwH of electricity, from the Soviet Union this year.

Ericsson secures \$8m Cyprus telephone order

BY DAVID BROWN IN STOCKHOLM

L. M. ERICSSON, the Swedish telecommunications and information systems group, has won an \$8m (£59m) order to supply its AXE digital telephone switching equipment to Cyprus in the first stage of a five-year system upgrading contract worth \$25m.

The contract, which involves some 100,000 subscriber lines, was won against competition from Siemens of Germany, CIT Alcatel of France, IFT Italy and

Hitachi of Japan, an Ericsson manager said. The contract calls for delivery of an international switch, eight combined local and transit exchange and one operations centre by the group's Italian subsidiary Fatme, to be delivered starting in 1985.

Ericsson has sold a total of some 10m of its AXE lines in 51 countries. The group had sales of SKr 27bn (£280m) last year.

Shipping report: Owners reluctant to send tankers to Gulf

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FURTHER attacks on merchant shipping in the Gulf last week ended hopes in the tanker market that trading could resume safely after a short period without incidents.

Shipowners have thus become reluctant again to commit vessels to the area, even at current high rates. Cargo of Iranian oil are now harder to dispose of, with Japan the main buyer of oil from Iran.

"The odds of being attacked have soared considerably," said E. A. Gibson, Shipbrokers of London, "and the moral implication of committing life and limb outweighs the financial rewards obtainable."

50 Nations display culinary delights

BY NANCY DUNNE IN WASHINGTON

"TODAY'S SPECIALITY is tomorrow's staple," intoned Mr Morris Kushner, outgoing president of the National Association for the Specialty Food Trade which held its 30th convention at the Sheraton Hotel in Washington, DC, last week.

The entrepreneurs who occupied some 1,500 booths in the city's convention centre take some risks by breaking into the growing and lucrative U.S. market, said Mr Kushner.

"We create items," he said, "then the giants come in and take them away."

After 40 years in the business, Mr Kushner speaks with some authority. He is the man who introduced chocolate-covered ants and grasshoppers, which in their own way, made it very big some years ago. He also originated gourmet food departments in American supermarkets.

The exhibitors who piled their cheeses, chocolates, candies, fish, wines and beers on prospective customers seemed only too concerned about getting a foothold in the U.S. speciality food market, estimated at \$850m wholesale. The mammoth show featured foods and related products from about 50 nations.

A study conducted by the British Trade Development Office in New York last year concluded that the American industry is growing at the rate of 20 per cent a year. About 10 per cent of U.S. supermarkets now stock fancy foods, the study found, with imports dominating the market. They account for 75 per cent of the cheese and biscuit sales, 63 per cent of jams and 60 per cent of the speciality chocolates.

At this year's show British companies—who in 1983 earned \$96.4m in direct speciality food sales to the U.S. hawked cheese, chocolates, jams, smoked salmon, honey, and biscuits. French exhibitors pushed a new cocktail mini

toast, black, pitted olives and a new nut jam.

The Dutch, anxious to take advantage of the American attraction to health foods, brought in natural fruit spreads and juices, free of preservatives and sugar. For the non-dieters they had particularly tasty pastry shells to be stuffed with cream and decorated in grocery store bakeries.

Swedish merchants were offering a new Nordic light beer, tubes of curried pasta and enormous peppermint sticks. There were new cheeses from Germany, sun-dried tomatoes from Italy and crispbread from Norway.

Demand for all tanker tonnage was expected to rise by just over 3 per cent a year up to 1989. Lev Spychrava Associates said.

But it mentioned three main constraints on tanker demand: the continuing shift from costly long-haul Gulf oil, where supplies are assured; the debt problem of the developing countries; and the high volume of short-haul East European oil exports to the West.

In the dry cargo market, rates continued to ease last week, despite plenty of inquiry. Galbraith's said. Business in grain across the Atlantic from the U.S. was quiet, with traders

expecting wheat imports to Europe in 1984-85 to be slightly down or static.

Wartsila, the major Finnish shipbuilding company, has won an order worth FM \$90m (£96m) from the Soviet Union to build three specialised ships.

Included in the contract is the world's largest oil recovery section designed to be built at the company's Turkey yard.

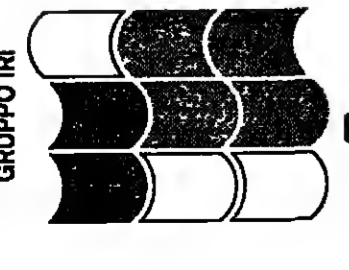
The yard will also build a crane vessel capable of lifting 600 tonnes, with the Helsinki yard to build a shallow draught river ice-breaker. The ships will be delivered in 1986 and will occupy at least 2,500 man-hours for the yards.

World Economic Indicators

	UNEMPLOYMENT					
	May '84	Apr. '84	Mar. '84	May '83	Mar. '83	
W. Germany	00%	2,133	2,254	2,393	2,149	7.9
U.S.	00%	8,514	8,843	8,772	11,118	7.5
UK	00%	3,084	3,108	3,143	3,049	12.9
France	00%	2,148	2,235	2,247	1,913	9.5
Italy	00%	2,938	2,960	3,012	2,676	13.0
Netherlands	00%	807	814	835	753	14.4
Belgium	00%	552	559	574	546	13.5
Japan	00%	1,780	1,710	1,650	1,720	2.7
	%	2.7	2.7	2.7	2.6	

Source (except U.S., UK, Japan): Eurostat

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Payment will be made upon presentation and surrender of the Notes, together with all applicable coupons maturing subsequent to the Redemption Date, at any of the following paying agencies:

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New York, New York 10081

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Colesman Street
London EC2P 2HD, England

Banque de Commerce, S.A.
Main Office
51/52 Avenue des Arts
B-1040 Brussels, Belgium

IBM WORLD TRADE CORPORATION
By: The Chase Manhattan Bank (National Association),
as Fiscal Agent
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Dated: June 22, 1984

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8027 Zurich, Switzerland

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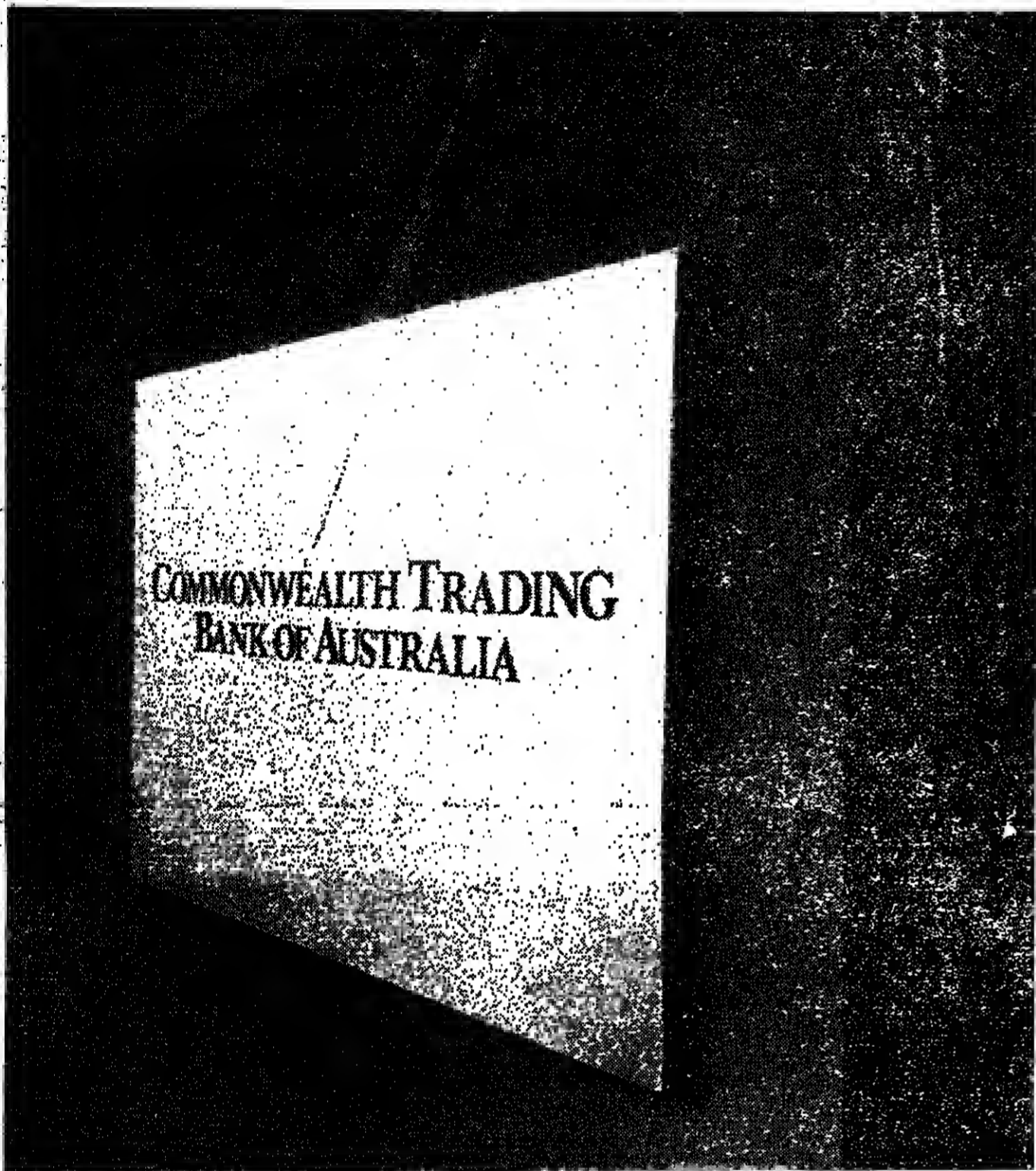
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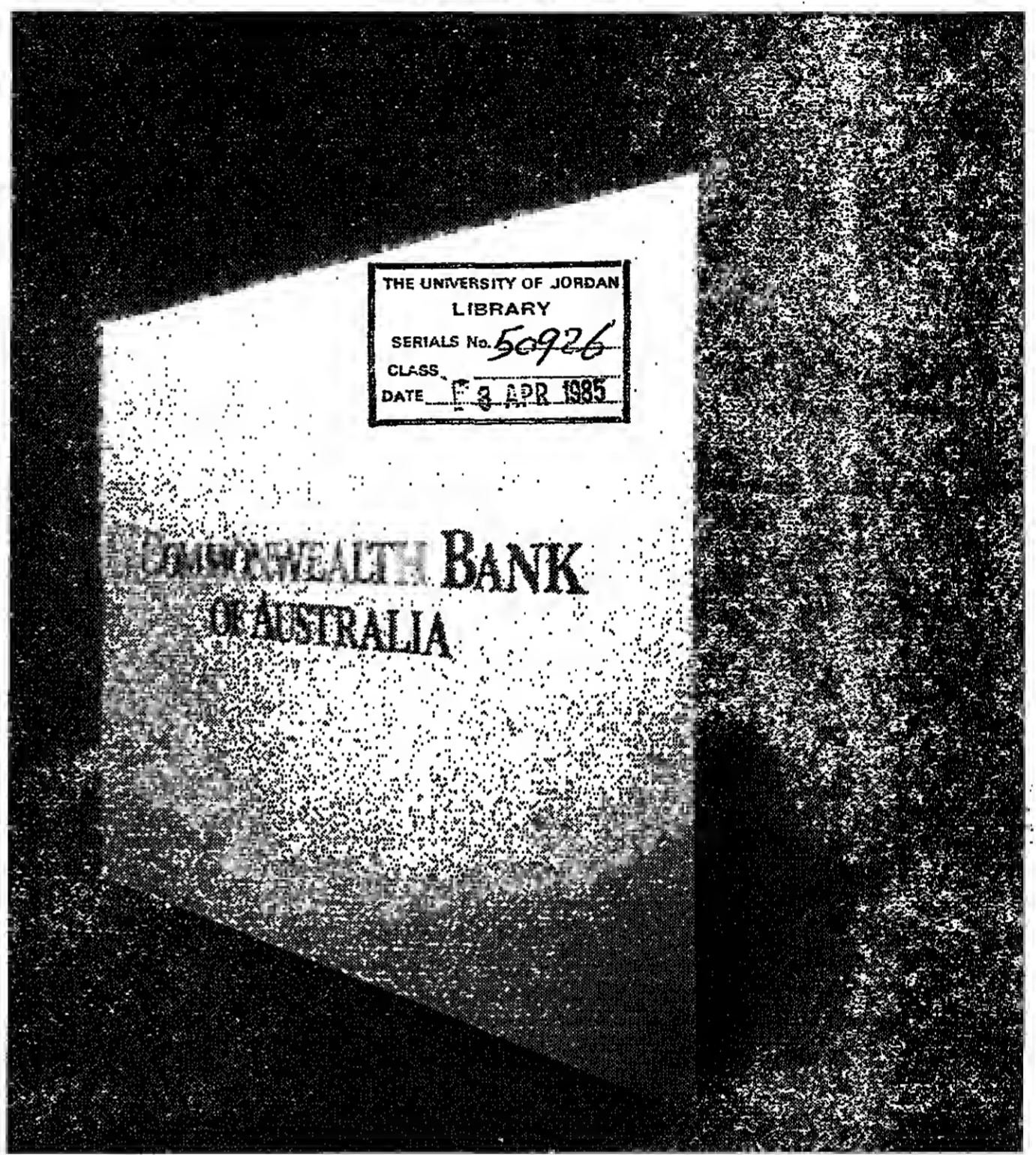
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TECHNOLOGY

ASPECTS OF COMPONENT DESIGN ARE COMBINED BY DAISY SYSTEMS

How to map out complex silicon chips

BY GEOFFREY CHARLISH

DAISY SYSTEMS Corporation, based in Sunnyvale, California, has launched a stand-alone workstation that allows very large scale integrated (VLSI) circuit designers to originate these "super-chips" on screen at high speed.

Engineers can address the complete design cycle from initial logic design right through to mask definition. This includes full simulation of the circuit and its optimisation for test purposes.

Complexity in these circuits has become highly desirable to cut cost in electronic systems — the more components that can be embraced on one "chip" of silicon, the cheaper (and smaller) the system becomes. But with this number approaching a million, the task of originating an error-free design becomes formidable.

The rewards for solving the problem have been high and are growing, because these systems are increasingly needed by high-specification equipment makers whose products are not suited to standard chips. They are designing their own "semi-custom" circuits — pieces of silicon covered in various kinds of standard "cell" (fundamental transistor circuit) which are supplied by the semiconductor company.

The cells are connected together by the user to give just what he wants, in relatively small numbers. Semi-custom chip use is growing fast and is likely to exceed \$2bn by 1985.

But whether standard, custom or semi-custom, the problem with these chips is the merely viewing one of them is rather like looking at hundreds of Ordnance Survey maps pasted on the side of a block of flats. Finding a specific road junction would be difficult.

Daisy was only formed in



Most component designers use computer terminals such as this Hewlett Packard graphics system for circuit layout. Daisy's latest workstation integrates many of the individual design steps.

1980 but has cracked the problem so well that net income increased 10 fold to \$2.58m in 1982-83. Revenues went from \$4.5m to \$17.5m.

It has already introduced three successful products: Logician and Megalogician for example, deal with logic and circuit simulation, timing verification, logic analysis, fault simulation and "testability" in large scale (LSI) and VLSI circuits. Costmaster, introduced in 1982 tackled the tasks of gate-array (semi-custom) design in terms of layout, automatic placing and routing of cells and conductors on the chip.

The latest offering however, called Chipmaster, combines many of these functions in one system powerful enough to deal quickly with very dense VLSI circuits.

The company says that circuit layouts containing millions of transistors are easily handled by Chipmaster's 32 bit database structure. It can address more than 4bn data points in both X and Y axes.

The graphics appear on the screen at speeds that are two to 10 times faster than conventional CAD systems, says Daisy. The system operates directly from the master database and

no intermediate display files are generated, cutting 15 minutes to two hours off each design session.

As with many modern computing displays, "windows" are a feature of Chipmaster. The user can "draw" a rectangle of any size round an area of interest and enlarge it to full screen size. Or, he can place a number of windows in the screen and work on a number of activities at once. The windows can even be "stacked" behind each other in priority order and shuffled to the front as needed.

Steel-reinforced houses are built like "Meccano" sets on site. Although they remain in good condition for a period, constant exposure to carbon dioxide in the atmosphere causes the steel to rust. As it rusts it expands, forcing the concrete layer outside the steel to crack or disintegrate. Dampness is the inevitable result and some houses in this condition

VIDEO CONFERENCES AT FORD

Chats by satellite

FORD IS the first company to operate a permanent, in-house video conference system in Europe, with satellite links between its R and D and manufacturing centres in the UK and Germany.

The system has been supplied by GEC Video Systems of Slough and has involved a total investment by Ford of about "US\$1m. It uses a British Telecom Megastream 2 megabit/sec line connection to the UK ground station, where a dish aerial beams the signals to Germany via the ECS-1, European communications satellite.

Ford engineers in Britain and Germany will now "meet" daily to talk and examine drawings and prototype parts on the screen.

The company says the low cost of operating the system will "make communication by satellite viable for the first time in everyday business use."

There are two reasons: transmission of wide-band signals like television is getting cheaper in real terms, and the bandwidth of the picture itself has been sharply reduced using "bandwidth compression" techniques.

The idea is not new, but previous systems occasionally

seriously degraded the picture. Furthermore, participants had to travel to regional studios before the conference could start.

In the new systems, offered by GEC, Compression Laboratories Inc (via Plessey in the UK) and Nippon Electric Company in Japan, acceptable moving pictures can be accommodated within a 2 megabit/sec bandwidth. Less than 1 Mb/s is needed for still pictures or minimal-motion television.

The systems achieve this by examining the picture content of each momentarily-stored frame, element by element, to see if it has changed since the previous frame. If not, no new information need be sent, cutting down the overall rate of bit transmission.

The car company will be using the system for two hours every day, enabling teams of three engineers in Britain and three in Germany to communicate visually. For a further six hours, the conference centres are linked aurally.

Ford says its system halves the cost of sending people around Europe in aeroplanes, and costs only 25 per cent of previous videoconference systems to operate.

Recycling

Waste treatment

DOMESTIC REFUSE and sewage sludge can be recycled into high quality prime materials for use in trade and industry. So says Taylor Woodrow and WMC Resource Recovery, which have set up a joint company to exploit a recovery technique developed by WMC.

Since 1980, WMC has had a demonstration plant operating in Bristol. This is being upgraded to a full scale plant. Taylor Woodrow is being very secretive about the details of the process. It is based on the addition of bacteria to sewage or domestic waste. These act on the waste in turn to turn it into products such as a peat substitute for horticulture, a fibre material for use in the fibreglass industry and a slurry additive to coal dust for a blended fuel.

Woodrow says that in the WMC process very little waste is produced, which reduces the need for landfill or incineration plants. Large cities with a disposal problem may benefit from such a process, for example. The company says that plants can be sited in urban areas.

Taylor Woodrow will build processing plants in modules, each capable of handling a throughput of 700 tonnes of waste daily. It takes about 15 days for waste to be completely converted in a continuous process. More details from the company on 01-561 5532.

Large systems

Text data retrieval

MENEX, a Scottish electronics company, has licensed its high speed text retrieval system to Gould SEL Computer Systems. The equipment allows specific information to be retrieved from large volumes of unstructured text stored in a computer memory.

It is a mixture of both hardware and software and can deliver data to a screen at speeds approaching one megabyte a second. The system is compatible with Gould's Concept/32 family of supermainframe computers and runs under the control of the Unix operating system. More details from Gould in Sinton, Surrey on 01-463 0820.



Education

Braille typing

ESSEX UNIVERSITY has developed a system that will convert Braille typing by blind students into printed text for assessment by sighted teachers, at the same time producing synthesised speech as an assistance to the writer.

The keyboard has the nine keys used by blind writers on machines that normally produce embossed Braille tape. Instead, the new machine, called the Essex Speech Writer, converts the symbols entered at the keyboard into printed English text via a microprocessor. Simultaneously, a speech synthesiser produces the spoken version.

At present the machine will recognise the most basic level of Braille characters but it is expandable to include higher level contractions at a later date. The synthesiser can speak the text letter by letter in spelling mode or word by word using a set of general pronunciation rules. More on 0206 862286.

Design

Engineering computers

DATA GENERAL in the U.S. has introduced a series of graphic and engineering computers plus an office automation system based on a compact 32-bit micro-computer.

The company said that the two engineering computers called distributed systems 4000 and 4200, include high resolution colour graphics. They are for use by individual engineers.

Eclipse MV-4000, the office automation product, extends Data General's current line. It can be used by up to eight people. The computers are priced between US\$35,500 and \$59,000.

STORAGE SILICON CHIP PLUGS INTO MACHINE CONTROLS

Memories for manufacturing automation

A NOVEL use in automated manufacturing for one of the most exciting new memory chips has been developed by Lang Electronics, part of Vickers Systems.

It has built a programmable controller using a plug-in memory unit based on a memory chip which retains its program when the power is

turned off, yet can be reprogrammed simply and electronically. The memory is called an electrically erasable programmable read only memory (or EEPROM for short). It is fashioned in a technology called CMOS which gives high performance at low power.

The Lang system comprises two units, a hand held programmer, a little like a profes-

sional pocket calculator, and the control unit itself.

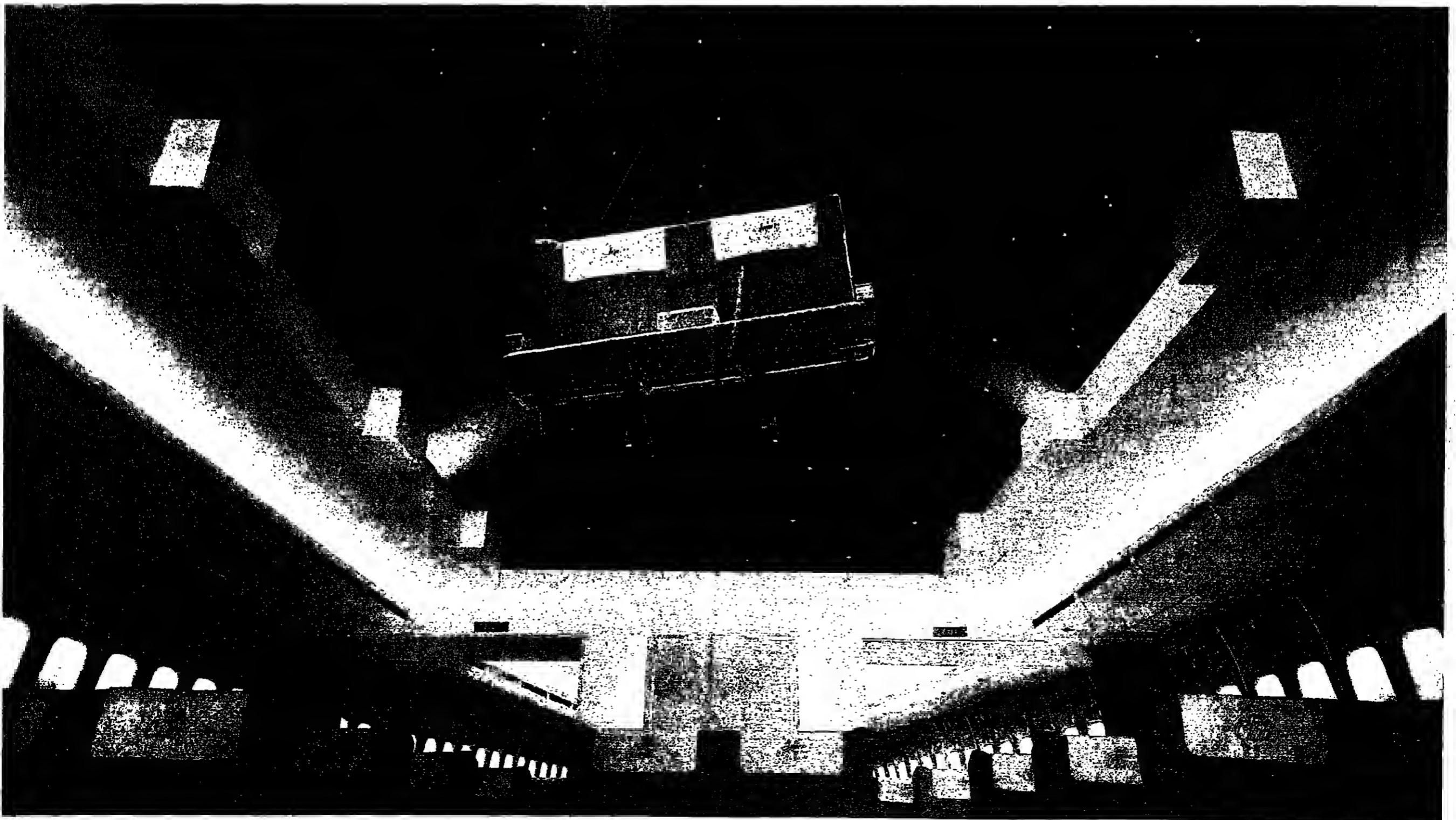
The memory chip package (called coyly "My Memory" which could doom the device from the start) simply plugs into the bead programmer and is programmed using only six words of command.

"These commands," Lang says "can produce extremely accurate programming of most

complex processes, and the control unit has 36 input/output terminals to provide accurate control of machines and systems."

The memory unit is then plugged into the controller to operate the machine or system.

The EEPROM can be rewritten about 1,000 times. Lang claims and stores 2,048 words of data. More on 0952 586000.



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UK NEWS

UNIONS AT REFINERY AGREE TO ABOLISH CRAFT DEMARCATION

Radical efficiency drive by Mobil

BY BRIAN GROOM, LABOUR STAFF

THE EYES of much of British industry will be watching the progress of a radical new agreement between Mobil Oil and its unions to abolish craft demarcations among maintenance workers at the Coryton refinery, Essex.

From September 3 they will all have the title "refinery craftsman" and be free to do any task which they are skilled enough to do safely. No longer will they be called boiler-makers, mechanics, crane drivers, electricians, instrument mechanics, ladders, pipefitters, riggers, scaffolders and welders.

The broadening of skills which this entails will happen gradually. A host of problems remains to be resolved, but there is optimism among the 278 maintenance workers - who voted to accept the change by four to one - that the deal can improve their refinery's competitiveness.

Mr John Dowsett, until recently the union convenor, who has been closely involved with the agreement, said: "At the very worst we couldn't be worse off than other refineries, and at best could be 100 per cent better off. The fact that there are no demarcation lines effectively removes all arguments about who does what which used to be a large part of our lives."

Abolition of craft demarcations is not in itself unique, but other exam-

ples are mainly on greenfield sites like Esso Chemicals at Mossburn, Scotland, where production tasks and 10 craft trades have been combined into a single class of worker who alternates between maintenance and process work.

Mobil's deal is important because it is on an established site with historical demarcations and thus its experience will provide lessons for much of industry. It is also significant because of the radical nature of the total package, which includes:

● A shake-up of the refinery's current chain of command of foremen, supervisors and superintendents. Foremen will be abolished, and supervisors transformed into "area controllers" with the role of technical advice, work planning and "people development."

● The piling of huge resources into training to broaden the workers' skills, and also behavioural training in areas like team work and listening skills - techniques normally reserved for managers and supervisors.

● Extra pay rises from September of 8.5 per cent plus £150, on top of the 4.5 per cent general annual increase which was paid in May. The working week was cut from 40 to 37½ hours from June 1.

● Replacement of the present union representation system giving

each trade a seat on the joint shop stewards committee, with one in which each of the three areas of the plant will elect two stewards to represent them regardless of trade. If any of the five unions concerned fails to win a seat, it will have a member co-opted onto the committee but with restricted rights.

● Eighty-six job losses among the manual maintenance workers - with another 36 later - and 20 among the white-collar supervision staff. Mobil will contract out jobs not requiring skills specific to the refinery, such as vehicle maintenance, scaffolding and lagging.

● Craftsmen have agreed in principle that process workers will be allowed to do some maintenance tasks, such as simple spanner work involved in opening flanges.

Not all, however, will become complete Jacks-of-all-trades. Specialist tasks like mechanical work with high-tolerance compressors and turbines will remain restricted. Mobil will also retain a broad distinction between instrument/electrical and other trades.

The problems to be overcome are considerable. Coryton is near bottom for maintenance cost-efficiency in British refineries. Mobil hopes the deal will at least push it into the upper quartile.

The craftsmen are taking a leap into the dark. In their minds is a

balance between hope that their potential for acquiring skills will be more fully realised, and fear that they may not be up to what is demanded of them.

Much will depend on the success of behavioural training.

Mr John Flynn, the joint training project manager said: "Joint resistance to change is not about coping with the technological impact, it's to do with the impact on human relationships. Our job will be to help Mobil employees to deal with these, check out their assumptions and beliefs about each other, and help them to move away from traditional habits of thinking and behaving."

Mobil intends to make training a continuous process.

It believes the new pay rates will bring its craft workers on to a par with those at Esso's Fawley refinery in Hampshire, which has been in the forefront of productivity bargaining since the 1960s. From September a Coryton craftsman will earn a basic £21.32 a week, excluding special disturbance allowances.

So far Mobil's agreement is only a framework, which needs to be turned into solid achievement. If it succeeds other companies will take note. This would accelerate the changes in working practices taking place across British industry.

Thatcher may back new Ulster initiative

By Margaret Van Hattem

A HOUSE OF Commons debate today on Northern Ireland will be listened to intently for any indication of whether Mrs Margaret Thatcher, the Prime Minister, will give her full backing to a fresh attempt to unlock the political stalemate in the province.

No major proposals are likely to be unveiled today - but there are signs that there may be a major new initiative later this year and that, so far, Mrs Thatcher is backing it.

Today's debate will be on the report of the New Ireland Forum "and other documents" - a formula which permits debate on not only the nationalist case, as set out in the forum report, but also the unionist case, as set out in documents prepared by the Official Unionist Party and the Democratic Unionist Party.

All these documents contain much of the uncompromising wording that has killed political life in Northern Ireland. But there are hints of a readiness to resume talking.

The last big initiative on Northern Ireland - the setting up of the Assembly two years ago - was nearly sabotaged by the efforts of a group of right-wing Tories sympathetic to the unionists. Amid the general apathy over the province's affairs and signals that they had the tacit support of the Prime Minister, they were able to give Mr James Prior, the Northern Ireland Secretary, a rough ride.

Several things have since changed. Relations between Mr Prior and Mrs Thatcher appear to have improved. There is rising concern over the political progress by Sinn Fein and the degree to which the political stalemate is promoting their cause.

The Irish Government hopes that today's debate will open further the doors Irish nationalists sought to open by producing the forum report. Although the report sets out options for re-uniting Ireland and for joint Anglo-Irish administration of the province, it stresses the willfulness of Irish nationalists to discuss any other proposals.

Irish ministers have recently gone out of their way to praise The Way Forward, the document produced by the Official Unionists.

Managers in contest finals

By Michael Dixon

FOUR TEAMS of managers will meet in London today for the finals of the UK management championship sponsored annually since 1970 by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales. The Confederation of British Industry and the Institute of Directors are associate sponsors.

The contestants for the £2,000 first prize include last year's winners, Mr Geoffrey Brown of Shell UK, Mr John Chappell and Mr Paul Webb of Rank Xerox.

Their challengers include a team from M and G which came third in the 1983 national event. The other two are W. W. Johnson and Son, the Lincolnshire agricultural company, and a five-strong private entry under the name of Mascon.

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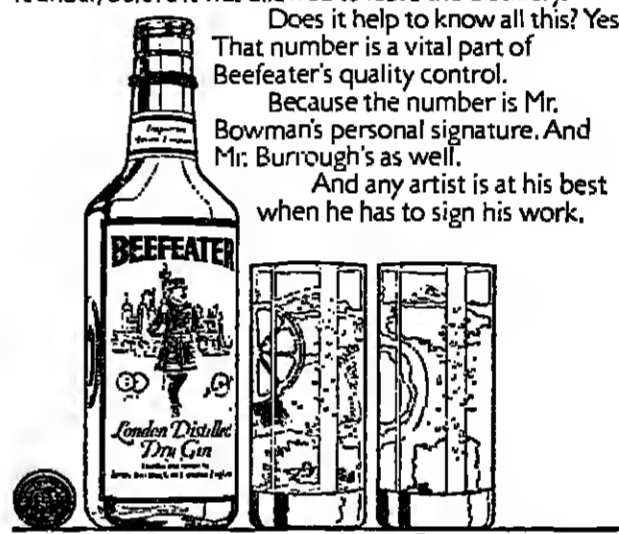


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BEING KNOWN AS A NUMBER CAN BE A VERY PERSONAL THING

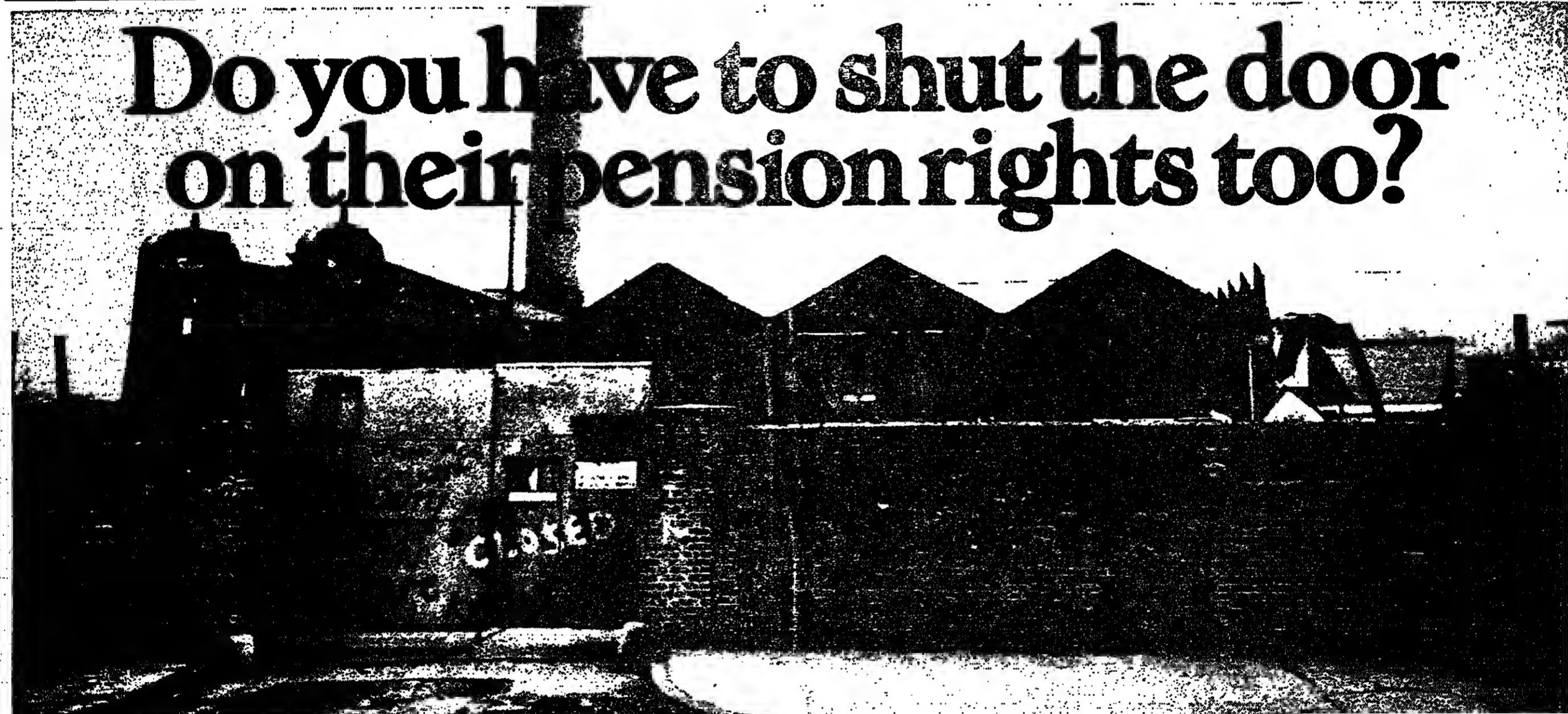
Look, for example, at the individual registration number on the back label of your bottle of Beefeater Gin. If it were JF 1222146, it would tell you that your Beefeater was distilled Thursday, January 5, 1984, under the supervision of Thomas Bowman, Master Stillman, and that the distillation was approved personally by Mr. Norman Burrough, a direct descendant of our founder, before it was allowed to leave the distillery.

Does it help to know all this? Yes. That number is a vital part of Beefeater's quality control. Because the number is Mr. Bowman's personal signature. And Mr. Burrough's as well. And any artist is at his best when he has to sign his work.



THE GIN OF ENGLAND

160 acres HUMBERSIDE INDUSTRIAL DEVELOPMENT LAND FREEHOLD - available immediately. South Marsh Road Immingham. Includes map and contact info for Healey & Baker.



Do you have to shut the door on their pension rights too?

Close the factory gates and you won't just put a workforce on the streets. Chances are, you'll also be putting their pensions permanently on ice.

Hardly a just reward for years of loyal service.

True, there's legislation in the pipeline to increase the value of frozen pensions by up to 5% pa.

But you'll almost certainly have to fund that increase out of company profits.

And there's still the problem of administering all those frozen pensions for years to come.

Happily, there's a rather more attractive prospect open to employers and employees alike.

We call it the NEL Transfer Plan. GUARANTEED GROWTH

For the employee, it can provide guaranteed growth of at least 6% pa and the potential of much greater returns.

(With the option of a payment to dependants in the event of premature death.)

Or, alternatively, the security of a guaranteed minimum pension at low cost.

For the employer, it means freedom from all the red tape of pension fund administration.

In all cases each transfer requires only a single payment.

With no limit on the number of transfers you can make in a year.

You'll also be handing over responsibility to people who know the business of transfers inside out.

In fact we're already underwriting a third of all business in this growing sector of the market.

We can't protect a man's right to work.

But we can protect his rights to a decent pension. SOURCE: MONEY MANAGEMENT, APRIL 1984

Form with fields for Name, Company, Address and a request for details of the NEL Transfer Plan.

NEL The Transfer Plan. NEL IS A MEMBER OF THE BRITANNIA ARROW GROUP

New Issue
June 29, 1984

All of these bonds having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

DM 300,000,000
8 1/8% Deutsche Mark Bonds of 1984, due 1992



Offering Price: 100%
Interest: 8 1/8% p.a., payable annually on July 1
Repayment: July 1, 1992 at par
Listing: et all German stock exchanges

- | | | |
|--|--|--|
| Deutsche Bank
Aktiengesellschaft | Arab Banking Corporation -
Ousa & Co. GmbH | Westdeutsche Landesbank
Girozentrale |
| Dresdner Bank
Aktiengesellschaft | Badische Kommunale Landesbank
Girozentrale | Bankhaus H. Aufhäuser |
| Commerzbank
Aktiengesellschaft | Bayerische Landesbank
Girozentrale | Bank für Gemeinwirtschaft
Aktiengesellschaft |
| Baden-Württembergische Bank
Aktiengesellschaft | Berliner Bank
Aktiengesellschaft | Bayrische Vereinsbank
Aktiengesellschaft |
| Bayerische Hypothek- und Wechsel-Bank
Aktiengesellschaft | Bremer Landesbank
Kreditanstalt Oldenburg
Girozentrale | Berliner Handels- und Frankfurter Bank |
| Joh. Berenberg, Gossler & Co. | Deutsche Girozentrale
Deutsche Kommunalbank | Delbrück & Co. |
| Bankhaus Gebrüder Bethmann | Conrad Hinrich Donner | DG Bank
Deutsche Genossenschaftsbank |
| Deutsche Bank Saar
Aktiengesellschaft | Hollbaum, Maier & Co. AG
Landkreditbank | DSL Bank
Deutsche Siedlungs- und Landesrentenbank |
| Deutsche Länderbank
Aktiengesellschaft | Georg Hauck & Sohn Bankiers
Kommanditgesellschaft auf Aktien | Hamburgische Landesbank
Girozentrale |
| Effectenbank-Warburg
Aktiengesellschaft | Bankhaus Hermann Lampe
Kommanditgesellschaft | Hessische Landesbank
Girozentrale |
| Handels- und Privatbank
Aktiengesellschaft | Landesbank Rheinland-Phalz
Girozentrale | Landesbank Schleswig-Holstein
Girozentrale |
| von der Heydt-Kersten & Söhne | National-Bank
Aktiengesellschaft | Norddeutsche Landesbank
Girozentrale |
| Landesbank Saar Girozentrale | Sol, Oppenheim jr. & Cie. | Rauschel & Co. |
| B. Metzler soel. Sohn & Co. | Schwäbische Bank
Aktiengesellschaft | Sironbank
Aktiengesellschaft |
| Oldenburgische Landesbank
Aktiengesellschaft | Trinkaus & Burdhardt | Vereins- und Westbank
Aktiengesellschaft |
| Karl Schmidt Bankgeschäft | Westfälische
Aktiengesellschaft | Württembergische Kommunale Landesbank
Girozentrale |
| J.H. Stein | | |
| M.M. Warburg-Brinckmann, Wirtz & Co. | | |

THE TOKYO ELECTRIC POWER COMPANY INCORPORATED (TEPCO)

- The largest privately-owned electric utility company in the world.
- The largest company in Japan, with total assets of over ¥8 trillion (\$38 billion).
- Supplier of over 30% of all power in Japan to 19 million customers in and around Tokyo.
- Sales up 7%, net income after tax up 13% in last financial year

SUMMARY OF FINANCIAL RESULTS:

(Year ending 31 March)	1983 (Yen billion)	1984 (Yen billion)	1984 (\$ million)
Gross sales	3,484	3,712	16,497
Operating income	594	706	3,136
Ordinary income	195	257	1,142
Net income after tax	108	122	542
Total assets	7,915	8,573	38,101
Shareholders' equity	966	1,023	4,548
Earnings per share	Yen 83	Yen 94	\$0.42
Dividends per share	Yen 50	Yen 50	\$0.22



THE TOKYO ELECTRIC POWER COMPANY
INCORPORATED

1-3, Uchisaiwai-cho 1 chome, Chiyoda-ku, Tokyo 100, Japan.

REDEMPTION NOTICE

PEUGEOT S.A.

£22,500,000 14% Bonds due August 1, 1990

NOTICE IS HEREBY GIVEN, pursuant to the Trust Deed, between Peugeot and The Law Debenture Corporation p.l.c. dated August 8, 1980 under which the above described Bonds were issued, that Citibank, N.A. as Principal Paying Agent, has selected by lot for redemption on August 1, 1984 through the operation of the Sinking Fund, \$1,000,000 principal amount of said Bonds at the rate of redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected by lot for redemption are as follows:

39	1044	1998	2996	5138	6661	8046	9512	10718	11789	13072	14132	15483	16752	18134	19105	20282
62	1054	2015	3011	5166	6685	8051	9515	10720	11790	13080	14159	15506	16798	18146	19133	20336
83	1059	2042	3012	5181	6708	8098	9527	10730	11799	13098	14188	15528	16826	18177	19164	20364
102	1071	2096	3013	5231	6740	8101	9543	10745	11805	13113	14203	15536	16834	18184	19171	20371
102	1075	2107	3027	5237	6782	8143	9559	10750	11812	13141	14231	15563	16873	18210	19194	20400
109	1098	2065	3046	5262	6816	8148	9575	10756	11818	13147	14247	15569	16882	18226	19204	20404
110	1098	2081	4102	5291	6837	8156	9582	10757	11819	13149	14250	15571	16884	18227	19204	20404
124	1119	2055	4105	5293	6838	8156	9582	10757	11819	13149	14250	15571	16884	18227	19204	20404
138	1170	2111	4128	5294	6837	8156	9582	10757	11819	13149	14250	15571	16884	18227	19204	20404
159	1181	2153	4140	5296	6837	8156	9582	10757	11819	13149	14250	15571	16884	18227	19204	20404
214	1190	2234	4150	5311	6857	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
236	1207	2256	4192	5331	6877	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
255	1209	2278	4226	5336	6878	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
257	1222	2281	4243	5403	7045	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
259	1223	2288	4285	5411	7064	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
304	1225	2347	4347	5471	7074	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
311	1310	2375	4363	5472	7112	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
312	1321	2382	4375	5502	7127	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
333	1358	2400	4376	5503	7141	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
363	1345	2415	4400	5519	7146	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
430	1325	2430	4410	5533	7153	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
432	1327	2434	4437	5536	7203	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
436	1322	2436	4457	5540	7234	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
468	1375	2452	4459	5553	7264	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
476	1376	2464	4465	5530	7271	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
515	1379	2469	4469	5547	7287	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
518	1380	2483	4515	5655	7305	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
542	1394	2484	4516	5720	7324	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
562	1397	2501	4519	5748	7325	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
571	1404	2505	4520	5763	7328	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
580	1425	2517	4623	5768	7344	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
590	1444	2518	4626	5779	7430	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
595	1450	2522	4681	5787	7446	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
612	1482	2563	4676	5793	7463	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
667	1429	2575	4677	5787	7485	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
674	1521	2578	4694	5803	7484	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
674	1521	2584	4690	5838	7507	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
678	1562	2604	4710	5852	7516	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
687	1564	2630	4715	5936	7533	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
725	1577	2655	4718	5986	7598	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
745	1611	2701	4741	5982	7648	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
756	1636	2708	4798	5905	7682	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
766	1645	2747	4795	5983	7725	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
770	1645	2724	4761	5924	7723	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
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787	1665	2773	4802	6011	7735	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
792	1672	2780	4805	6026	7738	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
810	1697	2815	4818	6055	7755	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
841	1707	2834	4830	6210	7800	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
853	1738	2843	4830	6216	7770	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
838	1785	2848	4883	6280	7780	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
848	1783	2851	4903	6411	7780	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
949	1800	2862	4907	6484	7888	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
966	1813	2888	4925	6495	7875	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
998	1824	2910	4983	6492	7888	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
1002	1852	2914	4978	6512	7918	8163	9596	10760	11820	13150	14251	15572	16885	18228	19205	20405
1008	1855	2915	4985	6582	7921	8163	9596	10760	11820	13150	14251	15572				

UK NEWS

Concessions on Insolvency Bill considered

BY RICHARD LAMBERT

THE GOVERNMENT is planning to make a concession over the most controversial aspect of its projected Insolvency Bill. As a result the directors of companies which have been compulsorily wound up will not automatically be disqualified from the management of any other company for a three-year period.

Thus tough penalty, which was put forward in a White Paper (government policy document) published at the end of February, has been the subject of much hostile comment in the past few months. Critics have argued that it could discourage people from acting as non-executive directors, and thereby deprive companies of a valuable source of outside advice.

Sir Kenneth Cork, head of the Insolvency Review Committee whose

recommendations formed the starting point for the White Paper, said the sanction was probably too harsh to get through Parliament.

In response, the Government now intends to propose that directors of a company which has been compulsorily liquidated would have a period of three months in which they could try to persuade the court that they should not be subject to the three-year ban. They would have to show that they were not to blame for the company's troubles - perhaps because they had not spent long on the board.

Mr Alex Fletcher, minister with responsibility for corporate and consumer affairs at the Department of Trade and Industry, will give details of the concession in a speech in the next few weeks.

Ex-Lloyd's broker to sue over Fidentia

BY JOHN MOORE, CITY CORRESPONDENT

MR CHRISTOPHER MORAN, the former Lloyd's insurance broker, has started civil proceedings over the controversial Fidentia affair in the Lloyd's insurance market.

A writ was issued in the High Court on Friday and is expected to be served today against Mr T. Raymond Brooks and Mr Terence Dooley, and eight other defendants in connection with the Fidentia affair.

Mr Moran is suing in his capacity as a member of one of the Lloyd's insurance syndicates managed by Mr Brooks and Mr Dooley.

Mr Moran's action has been prompted by an internal Lloyd's report on the relationship of the Fidentia Marine Insurance Company of Bermuda with Mr Brooks and Mr Dooley, who ran the Brooks and Dooley underwriting agency at Lloyd's.

The report on Fidentia found that reinsurance contracts had been arranged by Mr Brooks and Mr Dooley in a way which provided financial benefit to Fidentia, which they both controlled, at the expense of syndicates under their management. Fidentia gained a net £3.2m.

In the writ launched by Mr Mor-

an he is claiming damages from Mr Brooks and Mr Dooley for alleged deceit and/or breach of contract and/or breach of fiduciary duty "in and about their activities as active underwriters and deputies of Syndicate 88" from 1973 to 1977.

Mr Moran is also seeking damages against other companies.

The others named in the action are Brooks and Dooley (Underwriting) Ltd, Dugdale (Underwriting) Ltd, Brookgate Investments Ltd, Bellew Parry and Raven Ltd, Alexander Howden and Swann Ltd, Glanville Enthoven and Co (Reinsurance) Ltd, Clarkson Puckle Marine Holdings Ltd and H. Clarkson Marine Holdings Ltd.

He is claiming damages against Bellew, Parry & Raven Ltd, Alexander Howden and Swann Ltd, Glanville Enthoven and Co (Reinsurance) Ltd, Clarkson Puckle Marine Holdings Ltd, and H. Clarkson Marine Holdings Ltd alleging breach of fiduciary duty.

Mr Moran is also alleging conspiracy against all the defendants and claiming damages.

All the defendants are expected to contest the action.

ACTION PLANNED OVER THREAT TO RECOVERY

Skill shortages cause alarm

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

TWO high-level initiatives are being taken because of fears that a shortage of skilled workers could undermine Britain's economic recovery. There is alarm in the engineering industry, in particular, about a lack of employees with high technology qualifications.

The first initiative is by a committee which includes senior industrialists and academics under the chairmanship of Mr John Butcher, Under Secretary for Industry. The committee will examine the problem and it plans an interim report before the parliamentary recess in the summer and a final version in the autumn.

It is also likely to commission a detailed research inquiry, but this could take 18 months to complete and members of the committee are insisting that remedial action must start before then.

In a separate move to tackle deficiencies in UK industrial training - the root cause of skill shortages - the Manpower Services Commission (MSC) is to present industry with an action plan by September.

Mr David Young, MSC chairman, said: "It is no use just having fine words. The facts are known. We have to come out with a programme for action. We do not have too much time. The feeling is that if we do not do something as a nation in four or five years, it will probably be a waste of time."

The MSC action plan will be based on the evidence of an Institute of Manpower Studies report showing that the U.S. Japan and West Germany have a much greater commitment to industrial training than the UK. Employers in these competitor countries have increased spending on training during the recession.

UK engineering companies went into the recession with shortages of craftsmen and draughtsmen. The concern is now about shortages of technicians, technologists and graduate engineers.

There are about 180,000 technicians working in engineering - 9 per cent of the total workforce - and these employees will play a vital part in the industry's future success. Yet the intake of apprentices for technician and craft training this year was a record low of 8,700, about 15,000 below annual recruitment in the mid-1970s.

The Engineering Industry Training Board calculates that, because of the low apprentice intake of recent years, only 4,000-5,000 newly-trained young technicians a year will enter the industry between now and 1987. Retirements, promotions and other natural wastage will take 6,000 technicians a year.

Concern about the future supply of employees with high technology skills has reached a point which di-

rectors of some engineering companies regard as a crisis.

Mr Glyn Trollope, personnel director of GEC, spoke of a "national and fundamental problem" when he led a delegation from leading engineering companies to the House of Commons last week, the delegation was seeking support for a government-sponsored agency to identify and correct shortages of technological skills.

The proposed agency would be able to grant public funds on a selective temporary basis until a particular shortage was cured.

GEC companies have hundreds of unfilled vacancies for technologists and technicians. Mr Trollope said the problem was getting worse. At Flessey, where 3,500 technologists are employed, a study concluded that work could be found for 700 more if such people were available.

Mr Parry Rogers, Plessey's director of personnel, said: "The one thing which can stop our company doing all it is capable of is skill shortages. There is a problem, but we must not all go around saying it is too late. If we create a new partnership between government, industry and education, the problem can be solved."

Skill shortages in engineering are aggravated by the fact that electronics-based skills are increasingly in demand outside the industry.

NOTICE OF REDEMPTION

To the Holders of
OWENS-CORNING FIBERGLAS FINANCE N.V.
(Inow Owens-Corning Fiberglass Corporation)

9% Guaranteed Sinking Fund Debentures due August 1, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of August 1, 1971, as supplemented, providing for the above Debentures, \$1,930,000 principal amount of said Debentures have been selected for redemption on August 1, 1984, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "M" as follows:

Outstanding Debentures with serial numbers ending in any of the following two digits:

03	05	14	37	50	58	61	63	67	73	74	77	80	89
04	07	11	35	52	59	62	64	68	72	75	76	88	90

Also Outstanding Debentures with the following serial numbers:

3	4	7	542	1442	1542
---	---	---	-----	------	------

On August 1, 1984, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015 or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris, Zurich or the main offices of Bank Alres & Hope NV in Amsterdam, Kredietbank S.A. Luxembourg-oides in Luxembourg and Credito Romagnolo S.p.A. in Milan. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due August 1, 1981, should be detached and collected in the usual manner. On and after August 1, 1981, interest shall cease to accrue on the Debentures herein designated for redemption.

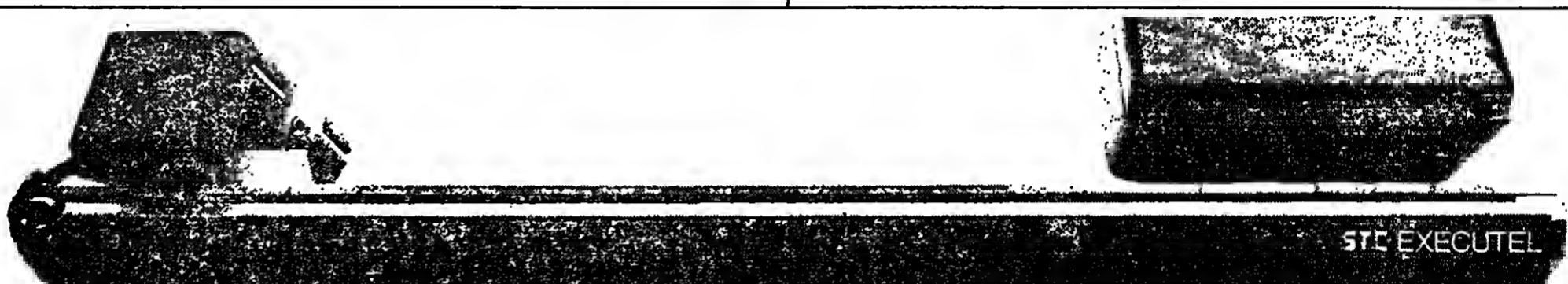
OWENS-CORNING FIBERGLAS CORPORATION

Dated: June 29, 1984

NOTICE

The following Debenture previously called for redemption has not as yet been presented for payment:

DEBENTURE OF \$1,000
M 4455



IT'S AS THICK AS TWO SHORT PLANKS. SO HOW CAN IT DO ALL THIS?

TELEX

VIEWDATA

DIARY

PLANNER

CALCULATOR

DIRECTORY

The best things, it is said, come in small packages. And it's never been more true. Introducing Executel from STC. It's a sophisticated executive telephone with a 255 name automatic dialling Directory and loudspeaker or hand-set facility. But this highly compact, Design Council Award winning unit does much more besides. It sends Telex messages and will receive replies. It's a direct link with public information networks, like Prestel and private Viewdata systems, too. It's a Monthly Planner that displays all your appointments for every day. Executel also operates as a Calculator and stores Menus, Lists and Reminders. All this information is contained on a removable cassette with Password Protection. So you can be sure of absolute security. And the Executel system doesn't stop there. By adding our optional Secretarial Unit you'll be provided with interpretation and switch-through facilities.

STC TELECOMMUNICATIONS LTD

TYNDALL BANK STERLING MONEY FUND

8.5% on deposit and write your own cheques
(Annualised compound equivalent 8.77%)

Designed to suit the special needs of British expatriates and overseas residents, the Tyndall Bank Sterling Money Fund is a unique high interest deposit account with a cheque book.

Expatriates benefit from rates of interest normally only available to major investors in the money market and keep their funds immediately accessible. Interest is paid gross without deduction of tax.

Consider the following advantages:

- Your money is invested with H.M. Treasury, recognised banks, their wholly owned subsidiaries and selected local authorities - assets of the highest calibre. So you get high rates of interest and the highest security.
- The convenience of a cheque book gives you access to your funds at all times. Use it to pay school fees, for instance, or in transfer to your current account.
- Interest credited four times a year means an even higher return because the interest itself earns interest for you. So the current rate, if maintained, equals 8.77%.
- No reports are made to any government authority, for non-residents of the Isle of Man.

Tyndall Bank (Isle of Man) Limited is licensed under the Manx Banking Act 1975.

The Tyndall Group is one of the leading investment management groups in the UK and is wholly owned by Globe Investment Trust P.L.C. Funds managed within the Globe Group exceed £1,000 million.

Tyndall Bank (Isle of Man) Limited
Dept. FTF, 30 Athol Street, Douglas, Isle of Man
Telephone: (0624) 29201 Telex: 628732

Please send me full details of the Tyndall Bank Sterling Money Fund. I can see a customer of Tyndall Bank (Isle of Man) Limited.

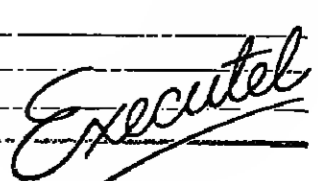
Name _____
Address _____
FTF/Jun/84

IPNA 2 N.V.

NOTICE IS HEREBY GIVEN that, in accordance with Article 8 of the Conditions of Administration, the Annual General Meeting of the holders of Depository Receipts of IPNA 2 N.V. will be held on June 27th 1984, at the office of the Stichting in Amsterdam, Herengracht 320 at 14.30 p.m. in order to review the annual accounts of IPNA 2 N.V.

Notice that in accordance with Article 9 of the Conditions of Administration, holders of Depository Receipts or their representatives are not allowed admissions to the meeting unless they have deposited their certificates at the office of the Stichting at least three days prior to the meeting, or unless they have so deposited with the Stichting a statement from a bank that such certificates will be held in its custody until the end of the meeting. Notice that agenda of the meeting and the annual accounts 1983 have been deposited at the offices of the Stichting at the aforementioned address and a copy thereof will be sent upon request to any holder of depository receipts.

STICHTING IPNA 2 TRUST SERVICES



AIRLEASE INTERNATIONAL FINANCE LIMITED
USS\$20,000,000 9% GUARANTEED BONDS 1986

Notice is hereby given that, in accordance with the Conditions of the Bonds, 1/4% Bonds each of \$1,000 principal amount have been drawn for payment of their principal amount on the 1st August 1984 in full settlement of the investment of the sinking fund due 1st August 1984. The balance having been purchased for cancellation. From that date, interest on the Bonds so drawn will cease to accrue, their definitive numbers are as follows:-

Table with 10 columns of bond numbers and 20 rows of data. Includes serial numbers and principal amounts.

The Bonds were drawn in the presence of Mr. B. G. C. Brooks, Notary Public and Mr. F. E. Churchill-Coleman, Kilmont, Benson Limited, 20 Fenchurch Street, London EC3R 3BZ.

UK NEWS

Andrew Fisher on a market where several British groups lead the world
The paperchase for specialists

"YOU HAVE to pick a niche and make it yours," said Mr Jeremy Leigh Pemberton, managing director of Whatman Reeve Angel, maker of specialised papers for the scientific, industrial and art markets.

Innovation, alertness and marketing aggression are all at a premium in the speciality paper market. Several UK companies are world leaders in their various products, with much of their output going abroad. Research budgets are high and competition is tough.

Throughout the recession, they mostly maintained investment in new equipment and modernisation. In 1984, they are seeing demand continue to recover and profit margins widen. But they still face considerable problems, not least the strength of the dollar.

Biggest in the speciality sector is Wiggins Teape, part of BAT Industries and prominent in the carbonless paper market. It has invested about £130m in the past five years and spends some £5m annually on research and development.

On a smaller scale, the Maidstone-based Whatman Reeve - it also makes industrial filter equipment - has kept up the pace of investment, spending some £400,000 to £500,000 a year. Last year, it relaunched its special art paper range after an absence of some 20 years from the market.

"Much used by Turcor, Gainsborough, Colman and others" as Whatman boasts, the art papers contributed a good deal to the company's name in the quality paper market. Stocks still around from the 1960s fetched up to 550 a large sheet in New York before the relaunch.

Table titled 'UK paper output ('000 tonnes)' with columns for 1983, 1981, and 1983. Rows include Newspaper, Printing and writing, Corrugated papers, Packaging papers, etc.

Source: British Paper and Board Industry Federation

It has begun selling fibreglass-based papers with different layered densities for industrial L'Etalon and air pollution control. The company has just received its first commercial order for this.

"It will be a premium, not a high-volume product," said Mr Leigh Pemberton, whose brother is Governor of the Bank of England. The company sets its prices accordingly, not simply covering costs with a small margin of profit on top, but seeing what the paper is worth to the user.

"We don't rush round trying to fill our machines," he added. "What's important is niche marketing and specialisation." In the straight laboratory market, Whatman has long seen the signs of market saturation. The trend is for less of the costly paper to be used - "they don't scribble all over it or use it for blotting paper any more" - and for more reliance on electronic analysis.

About 70 per cent of the company's papers are exported, mostly to the U.S. Pre-tax profits, including the non-paper side, were 37.5 per cent higher last year at £3.5m.

At Wiggins Teape, where profits rose in 1983 from £11m to £26m, there is also a strong emphasis on markets beyond the UK. "We can't see the UK in isolation from the U.S., Europe and Japan," said Mr John Berry, head of the company's UK operation.

Last year, exports from the UK totalled £88m, a third of the UK

to try and offset higher raw material prices. It makes paper for tea-bags and continental sausage casings. The raw material is hemp from the Philippines and Ecuador. Because of currency movements and problems of availability, hemp prices have risen by over 60 per cent this year, said Mr Eddie Hasselder, sales director.

The rise in Indian tea prices in the UK has also hindered the market, and Crompton now exports well over half its tea-bag papers. Dexter of the U.S., with a plant in Scotland, is its main competitor.

The increase in production, along with price increases, meant that Crompton's pre-tax profits rose by around a quarter to nearly £1.5m in the first five months of 1984. The company is planning a move into the medical market.

Mr Ted Brazington, head of the carbonless side, said: "The American market is to some extent a convenient crystal ball, being some two or three years ahead." With no signs of the U.S. market falling off yet, the omens for Europe are encouraging.

Wiggins Teape also sees new challenges in markets developing through increased use of laser and thermal printing, computer-aided design and computerised labelling. It makes special papers to emboss artificial leather with fashion designs, almost entirely for export.

In the past five years, the group has cut its UK workforce from 10,100 to 7,800. Its UK energy bill has been reduced, through increased conservation and efficiency, by £1.5m in three years, and that of its Belgian operation by £3.5m in five.

Initiative taken on computer technology

By Alison Hogan
THE INSTITUTE of Chartered Accountants in England and Wales is to set up a data retrieval service for its members as part of an initiative to establish the profession of leaders in the provision and control of information services to British business.

It has agreed with the European Law Centre, a subsidiary of the International Thomson Organisation, to develop an on-line information retrieval system with a data base covering taxation law and practice, accounting regulatory material and the contents of companies' full statutory accounts.

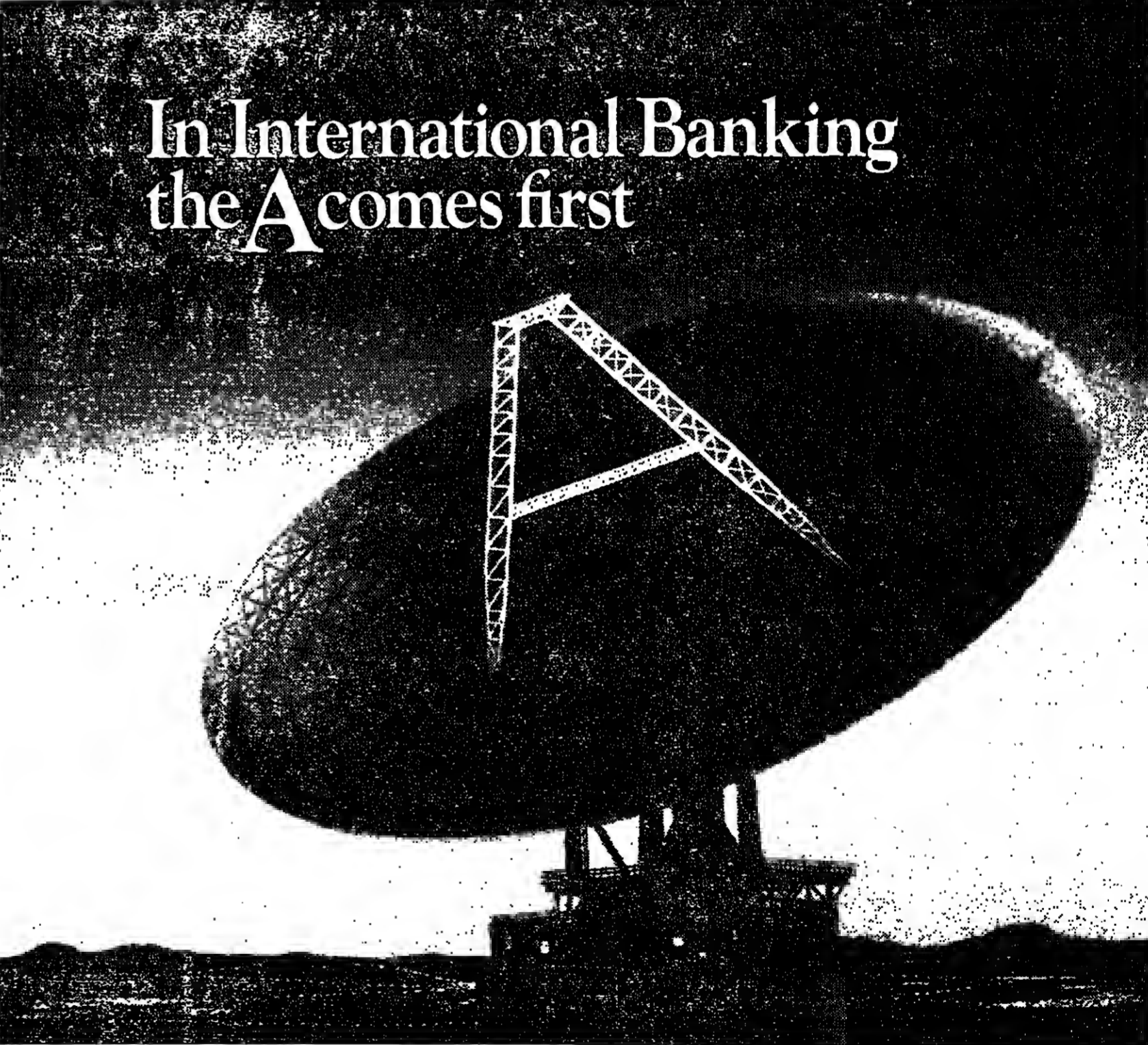
It will also have the facility to provide a software library, an electronic mailing system and training programmes for institute members.

The institute has set up a number of projects to raise its profile in respect of information technology. Mr Brian Jenkins, vice-president of the institute, told members at the annual conference on Saturday the Government had not been consulting fully with the institute on information technology development.

He warned that, if accountants did not move quickly and decisively, information technology technicians could take over the profession's traditional responsibility for the creation and dissemination of management and financial information.

Mr Kenneth Baker, Minister of State for Industry and Information Technology, told the conference he had been "a bit on the slow side" in adopting the new technology and he welcomed their initiative.

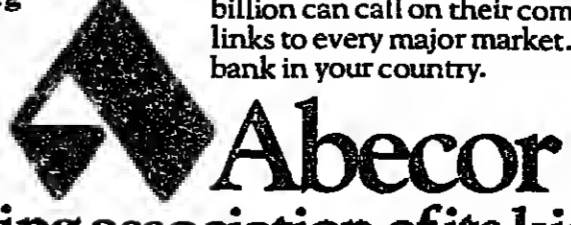
The Department of Trade and Industry is sponsoring a study into information technology and the accountancy profession. It will be undertaken in the next couple of months.



In International Banking the A comes first

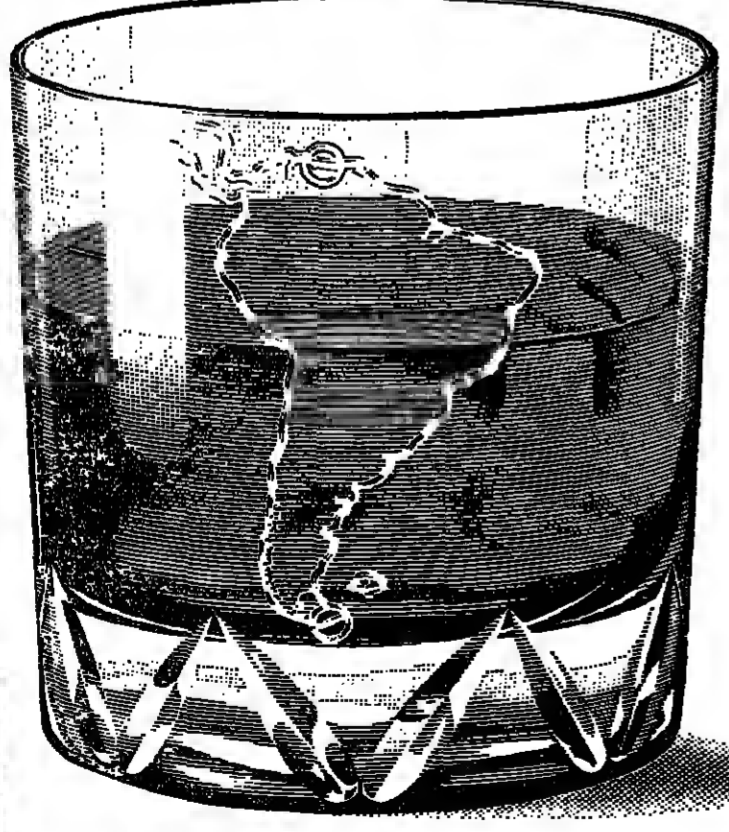
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UK NEWS

CBI set to urge £6bn public services cuts

BY SUE CAMERON

THE Confederation of British Industry is expected to call today for cuts of about £6bn in the public services in the next three to four years. Details are due to be released this morning in a CBI working party report entitled *Efficiency in the Public Services*. It is believed to call for better managerial efficiency in the National Health Service, local authorities and in Whitehall.

The CBI gave warning of its intention to demand further substantial savings in the public sector when it published a report on Britain's infrastructure ten days ago. In that report it urged the Government to spend an extra £300m a year on roads in the next decade and said: "Continued and concerted action to improve public sector

management can provide savings more than sufficient to finance our programme of increased investment in the infrastructure."

The CBI believes that the scope for economies in the public sector is greater now than it was three years ago, when a CBI working party identified potential savings of up to £3bn a year.

The latest working party, chaired by Mr Malcolm McAulpine of the construction group, has evidently found that considerable inefficiencies remain in the public sector. It reckons that the "way to achieve lasting and substantial savings in public current expenditure is to improve management practices and attitudes and to make those employed throughout the

public sector more responsive to the needs and demands of the consumer."

Today's report is expected to welcome the savings initiatives which have been taken by the Government, particularly in slimming down Whitehall itself. But it is likely to attack overmanning and weak management in local government and the NHS.

The recession has forced industry to axe jobs, close plants and raise its standards of efficiency. But CBI leaders believe that despite some improvements, there is still much room for the public service sector to cut its manpower and sharpen its management as manufacturers have done.

Insurer's pension proposal attacked

By Barry Riley

THE council of the National Association of Pension Funds is alarmed that Mr Norman Fowler, Social Services Secretary, is taking seriously a plan devised by the Legal and General insurance company to permit individuals to contract out of the state earnings-related pension scheme.

The NAPF, which represents Britain's occupational pension schemes, is worried that Mr Fowler is listening to groups such as insurance companies which have vested interests in the portability of pensions. Potentially this could open up a vast new market for personal pension plans.

Mr John Jolliffe, a member of the NAPF council, has produced the paper analysing the Legal and General scheme, which proposes that insurance companies should be able to claim a National Insurance (NI) rebate on behalf of pension clients. This rebate would be invested in the clients' personal pension plans.

His paper says:

- The investment return on insurance companies' personal pension plans has been substantially worse than that on privately invested funds, because of high commissions and other expenses.
- Individuals would have to pay extra contributions over and above the rebated NI contributions to ensure that enough funds were available to cover the guaranteed minimum pension required under the state contracting-out arrangement.
- There are no guidelines on what contributions an employer should make to the personal pension plan of an employee opting out of an occupational scheme.

At present only occupational schemes are allowed to contract out of the state arrangements, individuals cannot. If the Government were to permit individuals to opt out of their contracted out occupational schemes and build up personal portable pensions, they would first have to go back into the state scheme.

On the assumption that Mr Fowler goes ahead with some kind of individual contracting-out proposal, NAPF will insist on full disclosure of all commissions paid on personal pension plans.

Broker fears market muddle

BY OUR FINANCIAL EDITOR

A NEWLY elected member of the Stock Exchange Council has attacked the argument that the ending of fixed commissions on the trading of stocks and shares must mean an immediate ending of the separation of brokers and jobbers in the London stock market.

Mr Jonathan Miller, a partner in stockbrokers Fielding Newson-Smith, questions the so-called "link" theory in an article in the July issue of the journal of the Society of Investment Analysts. This argument, widely held in the London securities market, says that fixed commissions and single capacity (the strict separation of broking and market-making) are linked together.

However, Mr Miller, chairman of the SIA, suggests that there may be

insufficient financial information available about stock market firms to justify the link theory. He says that the 1981 Commission Review document published by the Stock Exchange was a "model of obscurity." Now he aims to stimulate the release of information which is essential to sensible commercial planning.

His estimates indicate that market-making generates relatively low profits and cannot therefore provide a route for brokers to make good the expected loss in their income as a result of reduced commissions on agency business.

Mr Miller accepts that there may be other good arguments for phasing out single capacity, but he suggests that market-making reform and commission reform need not

happen simultaneously in a so-called big bang.

A more orderly process "must be far more in everyone's interest than the terrible muddle towards which we now seem to be heading."

Besides the risk that the regulators will make a mess, doing too much at once, Mr Miller gives warning that a large and unnecessary injection of capacity may be brought into the broking system - because people believe that brokers should also be jobbers - just when it ought to contract.

"If the costs of the industry have been irrationally increased by surplus capacity which is sufficiently strongly backed not to be squeezed out by a few years' bad trading, the public will end up paying more than they ought," he says.

Businessmen in government urged

BY SUE CAMERON

SIR JOHN HOSKYNYS, the new director general of the Institute of Directors, today calls on UK companies to send many more of their brightest people to work for a time in government.

Sir John says that although directors must concentrate on their own businesses, "government is also their business." Britain is an ex-

traordinarily compartmentalised society and this is a great source of weakness.

In an interview published in *The Director* magazine, he says: "Between academics, the professions, the civil servants, most politicians and businessmen, the interchange is almost non-existent. There is no real meeting of minds because

these different groups lack any shared experience."

Sir John, who headed the Prime Minister's policy unit from 1979 to 1982, is highly critical of Whitehall's present organisation. He says there is no central group trying to "pull all the Government's policies together" - a theme he pursued while heading the policy unit.

A future as strong as the rugged and eternal Swedish forests.

It's surprising how much of Iggesund you'll find behind so many everyday products. Iggesund paperboard is used in food packaging, deep frozen products, ice cream, chocolates, cigarettes, perfume, and a multitude of graphic products - picture postcards, book covers, menus, etc.

Iggesund achieved its strong market position in forestry products and chemicals through long R & D programs - these were the secret to our efficiency and effectiveness.

To remain a market leader we are constantly investing in the future - a future based on a strong foundation, as strong as the rugged and eternal Swedish forests which supply us with so much of the raw materials for our products.

Today at Iggesund we can see the results of this investment in our packaging & forest operations - product innovation, quality, increased production in the mills (EKA), the direction is towards special chemicals - backed up by heavy R & D programs.

The availability of great natural resources, sound financing and a strong established international market position make Iggesund a company worth looking into.

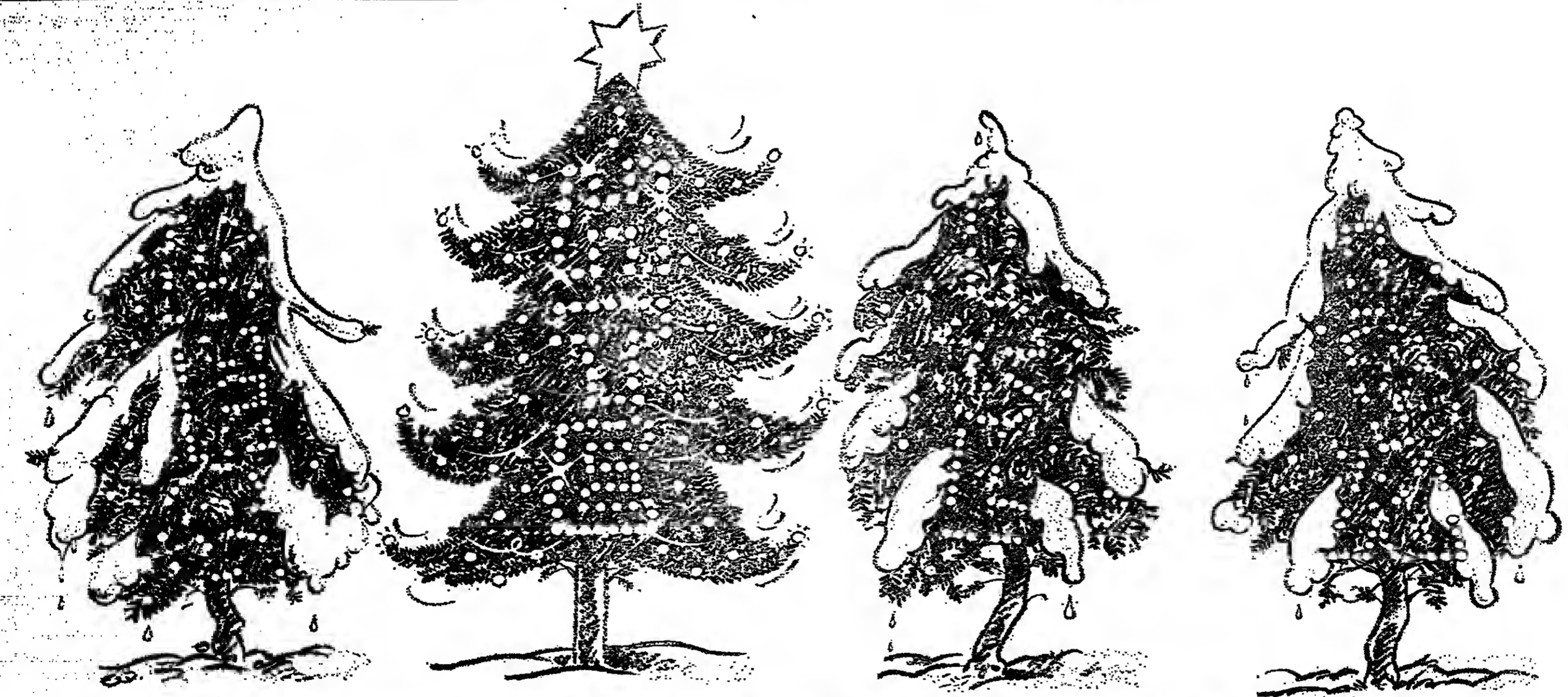
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Specializing in pulp, paperboard, wood and chemical products.

IGGESUND

Eric Backlund, Public Relations Director
Iggesund Bruk AB
S-82500 Iggesund, Sweden.

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Of all the electronics companies Norwegian television talked to, guess who they found most illuminating?

Contrary to what your licence fee might suggest, television companies are not made of money and are no more averse to lowering costs and boosting productivity than the rest of us.

And some TV companies, indeed, are made of even less money than others.

Norwegian Television, for example, had been round the International houses of the electronics industry looking for a relatively simple caption-generator that could be remotely-

controlled by a single operator, leaving him free to carry on with cheery announcement and continuity the while.

Unfortunately the International houses are not very enthusiastic about providing ingenious and cost-saving one-offs of this nature.

They much prefer long runs of systems and equipment designed for everyone in general and no-one in particular.

So Norwegian Television contacted us at HTE, hearing that firstly, we specialised entirely

in producing tailor-made solutions rapidly and cost-effectively, and secondly, we happened to have produced exactly what they needed for the BBC.

We thus added one more client to a growing list which includes names such as NatWest, the MoD, Wimpey, British Telecom, Lloyds ... and others who have found that a custom-built solution frequently wins hands down over an off-the-shelf misfit with a prestigious trademark.

So should your company have a complex

and intriguing electronics problem, it could be time to put yourself in the picture about HTE. In other words, Action please!

High Technology Electronics Limited,
303-305 Portswood Road, Southampton.
Telephone: 0703 581555. Telex 477465 HTELG.

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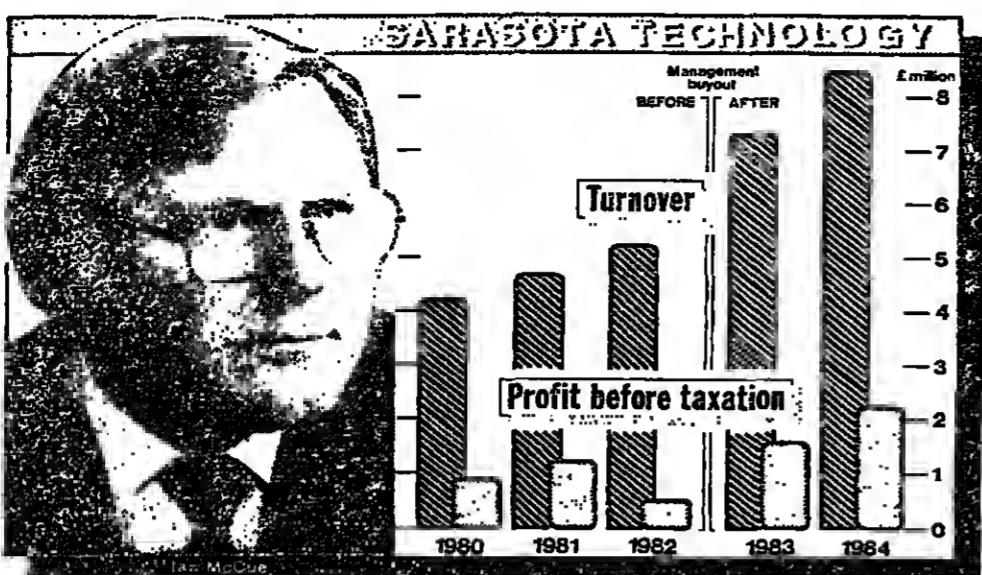
A Member of the Grand Metropolitan High Technology Group.

A better understanding. A better solution.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE DIRECTORS and shareholders of the Redland construction materials group will announce a buy-out on Friday when a company called Sarasota Technology publishes its prospectus.



A buy-out returns to the public gaze

Tim Dickson explains why Sarasota Technology is going public

Sarasota is not the first of the recent crop of management buy-outs to seek a full Stock Exchange listing... Founded in the mid 1950s by an American inventor/engineer named Merton Wilcox...

detect the flow of traffic on a road, and measure the density, flow and level of fluids in the oil, gas and petrochemical industries. When Ian McCue first came across Sarasota's Merton Wilcox in the mid 1960s...

By the mid 1970s Wilcox was approaching retirement and Sarasota, which had grown steadily over the period, was put up for sale. No one would have been surprised had an American buyer appeared on the scene but McCue, anxious to avoid working for a faceless American corporation...

over the price. The calculation was made much more difficult by the substantial element of goodwill in the final terms—an unusual feature at that time since buy-outs were more generally negotiated at prices which reflected a discount on net assets.

A more substantial step was the acquisition in 1979 of the Houston, Texas, and UK interests of Agar Instrumentation. This doubled Sarasota's size, greatly improved its technological skills and added a range of products for the measurement and density of fluids and a complementary range of microprocessor based flow computers.

Market strategy

How Multipart fought back

BY KENNETH GOODING

IF YOU have a product that is worthy but just a little bit boring, how do you capture the customer's attention long enough for him to listen to your message? Dennis Benson's answer has been to organise "family days."

transferring the new approach to the Leyland business. Multipart distributors are expected to provide a two-hour delivery service because that is what the factors offer and that is why the factors won so much of the fast-moving spare parts market.

Transferred

The mergers in which Leyland had been involved had left the group with parts facilities all over the place: at Albion in Glasgow, at Southall in London, at Wolverhampton, Coventry, Cowley near Oxford, and at Chorley, Lancs.

Another important side-effect has been that the Multipart business has introduced many operators of other makes of trucks to the Leyland vehicles for the first time. At the family days a good selection of Leyland trucks are displayed and in the past two years 10,000 operators have attended them.

Datastream PLC has been acquired by The Dun & Bradstreet Corporation. The undersigned acted as financial advisers to Datastream PLC. Lazard Brothers & Co., Limited Lazard Frères & Co. June, 1984

OHTO OHTO COMPANY LTD. (Ohto Kabushiki Kaisha) 2,300,000 Shares of Common Stock (par value ¥50 per share) evidenced by European Depository Receipts ISSUE PRICE U.S. \$3.664 PER SHARE (equivalent, at the rate of exchange adopted for the purpose, to ¥844 per share) Daiwa Europe Limited James Capel & Co. Robert Fleming & Co. Limited June, 1984

U.S. \$25,000,000 UNITED OVERSEAS BANK LIMITED (Incorporated in the Republic of Singapore) Floating Rate Notes Due 1989 In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 29th June, 1984 to 28th September, 1984 the Notes will carry an interest rate of 1.5% per annum. Credit Suisse First Boston Limited Agent Bank

Notice of Redemption Citicorp Overseas Finance Corporation N.V. 15% Guaranteed Notes due August 1, 1986. NOTICE IS HEREBY GIVEN that Citicorp Overseas Finance Corporation N.V. (the "Company") has elected to redeem on August 1, 1984 (the "Redemption Date") all of its outstanding 15% Guaranteed Notes due August 1, 1986 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. Citicorp Overseas Finance Corporation N.V. By: CITIBANK, N.A. Fiscal Agent June 29, 1984

U.S. \$100,000,000 GenFinance N.V. (Incorporated with limited liability in The Netherlands) Floating Rate Notes Due 1992 Guaranteed on a Subordinated Basis as to payment of principal and interest by Société Générale de Banque S.A./ Generale Bankmaatschappij N.V. (Incorporated with limited liability in Belgium) Credit Suisse First Boston Limited Agent Bank

Notice to all Bondholders and all Warrant holders of THE NOMURA SECURITIES CO., LTD. US\$100,000,000 6 1/4 per cent Bonds due 1988 with Warrants. THE TOYO TRUST AND BANKING COMPANY, LIMITED London Branch Dated 29th June, 1984. The Lombard 14 Days Notice Deposit Rate is 9% per annum. The Lombard Cheque Savings Rates are 8 1/2% per annum and 6 1/2% per annum. Lombard North Central 17 Bruton St., London W1A 3BH. For details phone 01-409 3434 Ext 484

THE WEEK IN THE COURTS

All change for senior Law Lords in presiding over final appeals

THE LORD Chancellor announced last week in the House of Lords that there was to be a change in the functioning of the Appellate Committee which hears all final appeals from the courts in the UK except criminal appeals from Scotland.

To the uninitiated the announcement would have had little significance. But to the cognoscenti the modification of the practice whereby the senior Law Lord of the day presides over the court's proceedings produced a different impression.

In most civilised legal systems the Chief Justice, who is appointed by executive government, presides over the final court of appeal. Not so in England and Wales. The Lord Chief Justice of England and Wales does not ordinarily sit in the House of Lords, although very occasionally he may be invited to sit by the Lord Chancellor as one of the five judges in the Appellate Committee.

Instead, he normally heads the Court of Appeal (Criminal Division) disposing of the growing volume of criminal appeals. Strictly he takes precedence over the Master of the Rolls who presides regularly over the civil division of the Court of Appeal.

The House of Lords is staffed at present by nine Lords of Appeal in Ordinary (there is establishment for 11, but Treasury parsimony has restricted the number appointed). The presiding judge, who is the senior Law Lord present, has two prime functions. He is responsible administratively, in collaboration with the civil servants in the judicial office of the House of Lords, for allocating the business of the Appellate Committee.

More importantly, he exercises considerable influence over the course of argument pre-

vented by the advocates before the court and may even play a disproportionate part in drafting the final decision. In the past two years, under the presidency of Lord Diplock, this has taken on an added significance because it has become the general, but not invariable practice for the Law Lords to forego their individual right to deliver separate judgments and for there to be one judgment to which the others formally subscribe.

This has added significance to the allocation of writing judgments by the presiding Law Lord. Since Lord Diplock is a prolific judgment-writer, his output of judgments simply concur with those of the other Law Lords, or are in dissent.

Under the burden of office Lord Diplock is stepping down from the presidency and a new system of nominating two senior Law Lords to preside over all appeals has been substituted. When the new law year begins in October Lord Fraser of Tullybelton, a Scottish Law Lord, and Lord Scarman (numbers two and four in the hierarchy of Law Lords) will take over the presidency of the Appellate Committee and the Judicial Committee of the Privy Council.

That regime will continue for about two years, by when both will have reached the compulsory retiring age of 75. The announcement somewhat tentatively did not explain why the third most senior Law Lord, Lord Keith of Kinkel, was being passed over as one of the two new presiding Law Lords. Lord Keith is also a Scottish Law Lord and it was thought inadvisable to have two Scottish judges performing the role of presiding judge in a final court of appeal.

greatest judge of our times, was then senior Law Lord until he retired in January 1975. He was succeeded by an English judge, Lord Wilberforce, of eminence second only to Lord Reid. He retired in March 1982, to be succeeded by Lord Diplock. Under the latter's presidency the character of the proceedings has altered markedly. Appeals have increased from about 50 to 70 a year, largely because of forensic argument, appeals through insistence on economy last a shorter time. There has also been a quicker turn-round of reserved judgments, due in part to the use of the single judgment. Multiple assenting judgments are a comparatively rare occurrence in the past they were common and tended to lengthen waiting for delivery. Only where there has been a division of judicial view (and hence dissenting judgments) has there been more than one judgment.

Under the guidance of Lord Fraser and Lord Scarman the legal profession expects a distinct change in the style of conducting appeals and in the method of disposing of appeals. More expansive advocacy is likely to return with a rather more indulgent attitude to the prolixities of counsel. There may also be a revival of the practice that other Law Lords will more frequently give voice in separate judgments. Both Lord Reid and Lord Wilberforce were in favour of multiple judgments.

Lord Reid often aired his view that whenever the House of Lords was trying to extract principles on which decisions were based there were dangers in their being only one speech in this House. Statements in a single judgment often tended to be treated as definitions, and it is not the function of a court to frame definitions. Some latitude should be left for future developments.

The true reasoning of a decision "generally appears more clearly from a comparison of two or more statements in different words which are intended to supplement each other." If kept within bounds, the approach of Lord Reid is much preferred by practising lawyers and their clients whom he has to advise on the state of the law.

Justinian

which is predominantly concerned with appeals from English courts. The Scottish legal system provides only a tiny fraction of the appeals heard in the House of Lords. But when Lord Fraser retires in February 1986 the obstacle to Lord Keith being a presiding Law Lord will have been removed. Lord Fraser is likely then to be succeeded by Lord Mackay of Clashfern who recently gave up being Lord Advocate in the Thatcher administration to become a judge in Scotland.

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Justinian

Water authority losing £2m in charges

ANGLIAN WATER claimed yesterday that it is losing as much as £2m a year because householders are watering their gardens illegally. The authority is sending out letters to its 1m customers in the eastern counties between the Humber

and the Thames warning that the use of a sprinkler needs an annual £18 licence and that offenders will in future face legal action.

Mr Alan Smith, the finance director, said that demand for water rises by 50 per cent during the summer, mainly

because of garden watering and, although many people use a sprinkler, only a handful paid the charge. He added: "A sprinkler uses up to 200 gallons an hour and in four hours can use as much water as an average house does in a week."

Record surplus for airport

THE East Midlands Airport at Castle Donington, near Derby, reported a record operating surplus of £2.84m in the last 12 months, an increase of 48 per cent. The airport is run by councils in Derbyshire, Nottinghamshire and Leicestershire.

Company Notices

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTICE IS HEREBY GIVEN that the 17th annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Mark Street, Johannesburg, on Thursday, August 23, 1984, at 10.00 a.m. for the following business:
1. To receive and consider the annual financial statements for the year ended March 31, 1984.
2. To elect directors in accordance with the provisions of the Corporation's Articles of Association.
3. To consider, and if deemed fit, to pass, with or without modification, the following resolution as its ordinary resolution, namely: "That a further 2,000,000 ordinary shares in the Capital of the Corporation be and they hereby are authorised to be issued under the control of the directors with power to alter and issue them in accordance with the terms and conditions of the share incentive scheme and any variations or schemes that may be established."

Registered Office: Mark Street, Johannesburg. 27 June 1984. AAC

FRIESCH-GRONINGSCHHE HYPOTHEEK BANK N.V.

U.S. \$ 20,000,000 Floating Rate Notes due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from June 25, 1984 to September 25, 1984 the Notes will carry an interest rate of 12 1/2% per annum.

The interest payable on the relevant interest payment date, September 25, 1984 against coupon n°10 will be U.S. \$ 160.52 per Note.

Agent Bank KREDIETBANK S.A. LUXEMBOURGEOISE

U.S. \$125,000,000 - SERIES 15



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PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1982. Notice is hereby given that the above Series of Bonds issued under a Note Purchase Facility agreement dated October 20, 1981, will carry an Interest Rate of 13 1/4% per annum.

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In summer, Nottingham University's hot water costs less, because it doesn't have to travel so far.

One thing that the student body at Nottingham University doesn't need in summer is heating. All the same, there's still a need for hot water.

In winter, the widely spaced residential halls, teaching and amenity blocks of the 300-acre campus are well supplied with hot water by a high-pressure main.

But in summer, when the heat demand is low, heat lost from the nine miles of hot water pipes becomes disproportionately high, despite every effort to insulate the pipes.

The summer hot water demand of 2,500 kW made on the four fossil fuel boilers could be met adequately by just one boiler working at one-third capacity.

When heat losses of 1,200 kW are also taken into account, some 10,000 litres of oil a day would be needed to heat the water.

To reduce costs for the summer period it was therefore decided to install local electric water heating and shut down the boiler plant.

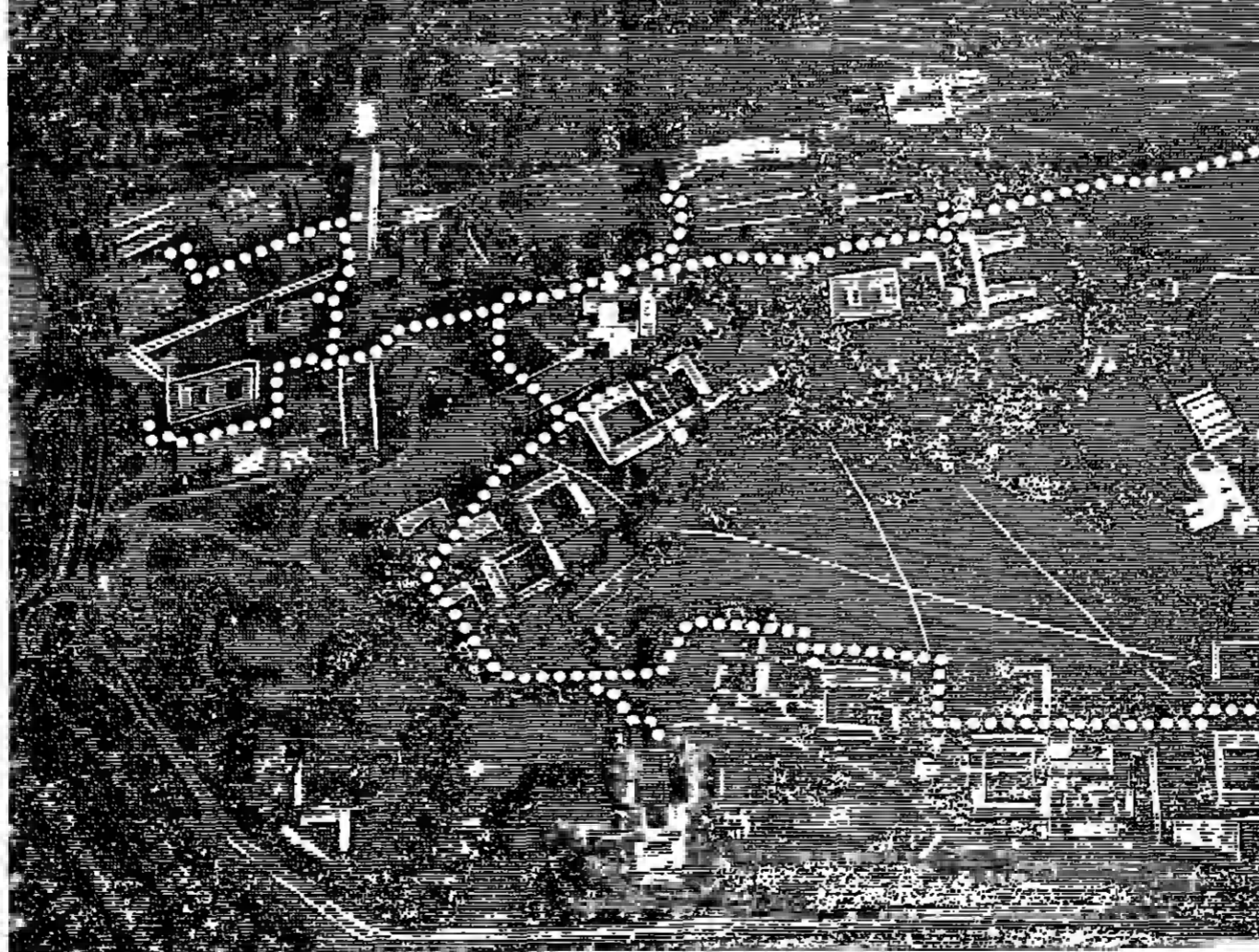
The installation work began in June 1980 and the system was fully operational by August.

Immersion heaters were fitted to the calorifiers in each building except the amenity block which required a flow boiler.

A computerised control system maximises the use of the off-peak tariff, so much of the hot water is heated by low-cost, overnight electricity.

The good sense of electric water heating soon began to add up. Formerly, the University's boiler plant operating below capacity for the three-month summer period cost £120,000 to run.

For the same period using electricity



Nottingham University's nine miles of high-pressure hot water main shown as dotted white lines.

to heat the water there was a saving of more than £60,000.

The equipment cost, £28,000, was paid back in half the summer.

Today, electricity for summer water heating is a viable part of Nottingham's total system.

It has proved its worth in real money. Additional benefits have also accrued from the summer switch to electricity:

For instance, the boiler house can now

be totally shut down in summer for routine maintenance.

The reduced operating season also makes for longer plant life.

Have you calculated what your boiler system is costing during the summer?

Changing to electricity now could save you a great deal of money and make your business more energy efficient.

Talk to us now on Freefone BuildElectric or clip the coupon.

Please send me more information on energy-efficient summer water heating. Post to Electricity Publications, PO Box 2, Feltham, Middlesex TW14 0TC.

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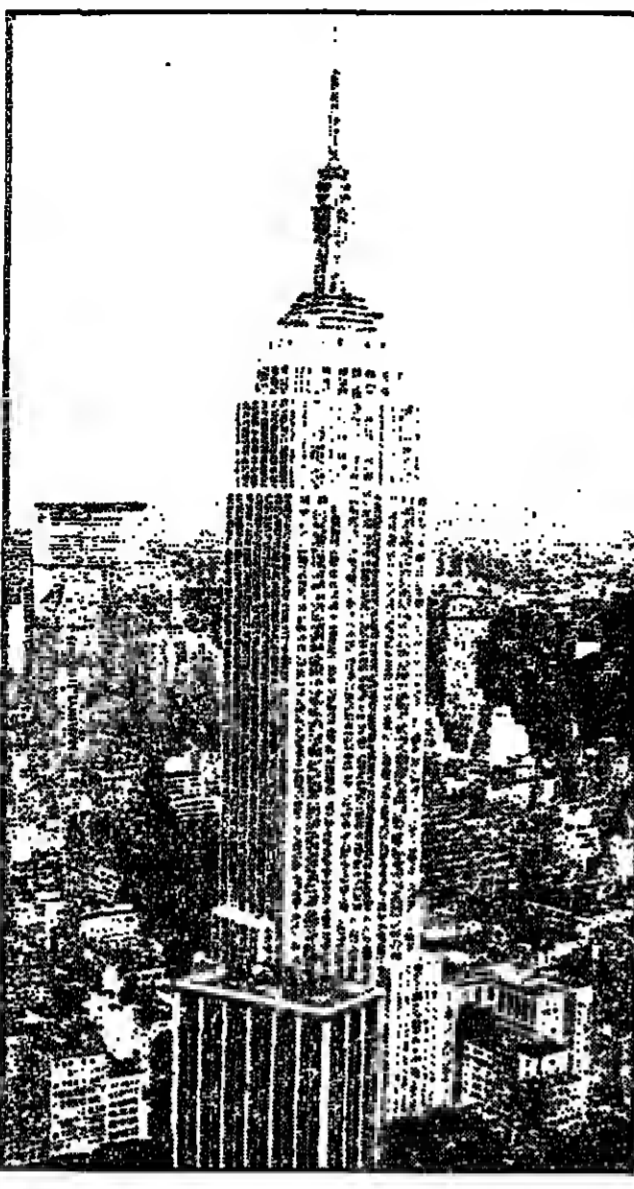
The Electricity Council, England and Wales.

THE ARTS

Architecture
Colin Amery

City of dreadful height

Much of the history of modern architecture has been written in New York. As the great boneyard of capitalism it has attracted the biggest bees and they have built there some of the tallest skyscrapers in the world.



New York's Empire State Building—built in a record 18 months

The skyscraper as an architectural form is undoubtedly purely American and although it was developed from the 1890's in theory, and later in practice, in both New York and Chicago, it was New York that fostered its greatest growth.

The exhibition at the Cooper-Hewitt is of a long line of architectural shows arranged at this branch of the Smithsonian which is based at Andrew Carnegie Mansion in New York.

The skyscraper show occupies the whole of the second floor of the museum and is only just large enough to tell a complete story.

The 19th ordinance was the first municipal one of its kind in the U.S. It divided the city in both "height" and "use" districts. The law set a limit on the height of a building at the height of a building at a ratio determined by the width of the street it faced.

As every football club chairman and pop star know Wembley Stadium is the big one. Elton John, who holds both jobs, must have been nervous as he took the stage on Saturday.

site point it was possible to build to unlimited heights. The meaning of these rules was brilliantly interpreted by the artist and designer Hugh Ferriss in a series of drawings showing the massing of skyscrapers.

with that vast throng so impressive in its ecstasy, you win him. He triumphed because he had his old bank back with him—Davey Johnston, Don Murray and Nigel Olsson to the fore; because there was a decent-sized screen high above the stage which made the tiny figure hidden by the piano visible; and because in the past five years Elton John has started writing some decent songs again.

One striking interior of the Irving Trust uses the Red Indian feather headdress as a decorative motif on the office walls setting for executive scapings no doubt. Hotels and residential towers also feature in the exhibition but there is only a hint of the dreams of the time to make each tower into a self-contained city with its own indoor facilities that any city dweller would need.

A quick word for Big Country who filled in at the last minute for Paul Young and did well, especially pleasing those who like the guitar played as a bagpipe, and for the colourful Kool and the Gang who also kept the place bubbling along while it waited for Elton.

Street, Irving Trust, Waldorf-Astoria, Rockefeller Centre Empire State—all these show skyscrapers in one brief decade. They are fascinating too for the gradual development that they show from the use of historical styles to the development of a "skyscraper style" that was both new and expressive.

The actual fact of the height of these towers led to the development of new aesthetic criteria that were distinctly American. The outline of some of the stepped temples of commerce has a clear Mayan source and much of the decorative sculpture which had to be seen from a tremendous distance assumed Indian or South American forms.

One striking interior of the Irving Trust uses the Red Indian feather headdress as a decorative motif on the office walls setting for executive scapings no doubt.

Manhattan Skyline is sponsored by Cackler, W. J. Sham and Taft; Clearly, Gottlieb, Steen and Hamilton; the Metropolitan Life Insurance Company and the Friends of the Museum. The exhibition runs at the Cooper-Hewitt, 2, East 54th Street, New York, until September 23.

Further details can be obtained free by sending a s.a.e. to the Old Fire Station Arts Centre, 40 George Street, Oxford OX1 2AQ.

Ars Nova/Almeida Festival
David Murray

With official support from France and from the Visiting Arts Unit, the Almeida Festival presented Ars Nova in the Bloomsbury Theatre on Saturday. Ars Nova is a highly polished Parisian ensemble, specialising in new music and conducted by the composer Marius Constant who founded it more than a decade ago.

The two Constant pieces were ambitious affairs. 14 Stations (of the Cross, of course) is piecy with bells on and temple-blocks and cymbals, and *Crucifix* and gongs and bongos and congas, with a vibraphone for *Mère* and glockenspiel for *St Veronica* all played by one intrepid percussionist who traverses his instrument with a fidelity moving from one emplacement to the next.

After one hearing I wouldn't presume to guess whether the main structure is cogent enough to reward acquaintance, but I was never bored. The range of sounds is fascinating, set out in sequence with culinary skill, and there is evidence of some musical ingenuity. I expect it must grab many *lycènes* just as their parents, the *Juinesses musicales françaises* of my generation, were enraptured by Messiaen's *Trois petites liturgies*.

Quebec is celebrating this year 450 years of European settlement. For most of its people the main event will be the arrival down the St Lawrence River of tall ships from around the world for the centennial festival which will end on Saturday and which attracted to the city 20 theatrical troupes from Europe, Africa and Asia.

Quebec has been acquiring slowly some intellectual yeast—until 10 years ago no production by Molière had been mounted in the city, although there would be a notable exception, version *Leveillé*, a general diet of translations from Broadway and popular French farces. But this year anniversaries are being celebrated throughout Canada, which has loosened the purses of regional and federal governments and encouraged Quebec's theatrical avant garde to found a festival. The Rumanian-born Canadian citizen Alexander Hauswiler was appointed artistic director and he assembled the cast for the first *Quinzaine*, now planned to be a regular biennial event on the international theatre calendar.

The Threepenny Opera
Rodney Milnes

Reviewing Weill's and Brecht's satire for the FT is a bit like writing about the Reformation for the Catholic Herald, or ought to be. Luckily—or not as the case may be—Philip Prowse's new production for Opera North at the Theatre Royal, York, is all cosmetic, no flesh; absolutely no offence was caused.

The piece's poisonous message, as apposite here and now as in Germany of 1928, is fatally diluted in several ways. First, we have a play within a play. Mr Prowse's permanent set, an imposing salon, houses a grand Edwardian lady who doesn't know how to treat her servants—all this in tedious mime. But Mr Prowse's permanent set, an imposing salon, houses a grand Edwardian lady who doesn't know how to treat her servants—all this in tedious mime.

Of Xenakis we had the percussion solo *Foappin*, performed by Sylvio Gualda with the same exact hand-me-down fidelity that he had brought to the 14 Stations; the new *Nanozo* for amplified harpsichord, its rhythmic counterpoints kept exact and gripping by Elisabeth Chojnacka and Kumbou, dedicated to both performers, a savoury exercise in rough, succulent chords and violent pulses.

Another Canadian company of quite different calibre was *Loose Moose* from Calgary. This troupe is into improvisation, Theatre Sports, in a touring baseball team in the U.S. of the 1930s, the endearing twist being that Joe Griep is the only white player in an all-black team that entered into their physical dexterity, or the lines of the Harlem Globetrotters, rather than indulged in serious baseball.

There is enough humour and straightforward adventure in Griep's experiences to make this more than a didactic piece. When his cap is knocked off by an opponent to reveal Caucasian hair above the black make-up his test makes become caricature stupid coons to switch the crowd's attention, a barrowing moment in a play which explores racialism through character rather than stereotypes. And as much weight is given to the general problems of being travelling entertainers as to a team which can only be fed around the back of certain restaurants and stop at special rooms or houses.

Quebec's kaleidoscope of drama

come across the same mime troupe, or puppets, or music and dance slanted actors everywhere from the Guanzajo Festival in Mexico to Hong Kong.

Quebec had its share and the troupe decided to coincide with my brief visit. Added to the fact that every morning the indefatigable Hauswiler chaired a round table discussion in which the previous night's performance was justified and to any questions the inescapable impression was that theatre goes in Quebec were awash with the wilder shores of theatrical experience, with the experimental and the fringe, rather than anything as conventional as an actual play.

The early hit of the festival was *Securis* by the Handpan Theatre of Melbourne. This is a quintessential international show which not only dispenses with language but also with actors. In their place are giant marionettes who glide threateningly across the stage to the accompaniment of sinister music. There is the evocation of primitive ritual of Asia, perhaps Amerindian, inspiration.

Quebec took to the avant garde with enthusiasm, and obviously what is the small change of the London fringe is a fresh breeze to this already weary city. By putting on challenging work Hauswiler has quickly established Quebec as an important spot on the international theatre circuit.

The follow-up discussions were particularly useful, even if they were hard on the East European groups who had to answer questions like whether you could have challenging theatre in a Communist country with an obvious clash between what they dared say and what they would like to say.

Elton John/Wembley Stadium
Antony Thorncroft

with that vast throng so impressive in its ecstasy, you win him. He triumphed because he had his old bank back with him—Davey Johnston, Don Murray and Nigel Olsson to the fore; because there was a decent-sized screen high above the stage which made the tiny figure hidden by the piano visible; and because in the past five years Elton John has started writing some decent songs again.

Oxford Poetry Festival

This year's Oxford Poetry Festival takes place from October 25 to 28. There will be discussions, workshops, opportunities to meet and talk informally, exhibitions, school sessions and readings, by modern poets.

Antony Thorncroft on the festival in Canada's French capital

This troupe is into improvisation, Theatre Sports, in a touring baseball team in the U.S. of the 1930s, the endearing twist being that Joe Griep is the only white player in an all-black team that entered into their physical dexterity, or the lines of the Harlem Globetrotters, rather than indulged in serious baseball.

BASE LENDING RATES table with columns for bank names and interest rates.

Table of financial data for various banks and institutions, including turnover and profit figures.

Greene King advertisement featuring a logo and text about 'STEADY GROWTH' and 'Our own pubs achieved slightly higher sales of beer by volume, which was encouraging.'

Arts Guide section listing various music events, including Royal Festival Hall, London Chamber, and Vienna Music Festival.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times advertisement.

APPOINTMENTS

Senior post at Swiss Bank Intl.

Mr Steven Kaempfer, at present a senior director of S. G. Warburg & Co., is to be appointed a managing director of SWISS BANK CORPORATION INTERNATIONAL and will join the board in early September.

Mr William I. M. Turner Jr has been appointed a director of SCHROEDERS. He is also a director of J. Henry Schroder Bank & Trust Co. New York, and is chairman and chief executive of Consolidated-Bathurst Inc., Montreal, Canada. His appointments with Schroders are in a non-executive capacity.

Mr George Govan, has been appointed managing director of BABCOCK CONTRACTORS, succeeding Mr A. J. Taylor, who remains an executive director of Babcock International.

LADBROKE GROUP has made the following senior appointments in its consumer and industrial electronics division: Mr Peter Kleis, the division's managing director, is to be chairman of Laskys (consumer electronics retailing), industrial video communications) and Servicepoint (electronic engineering services). Mr Richard Wislocki is to be managing director of Laskys. Mr Ken Smith, divisional business development and planning manager, is to be commercial director of TVI.

Mr G. R. Kellest and Mr D. J. Warbrick, general managers of ROYAL INSURANCE, have been appointed directors.

Mr Norman Sanson has been elected a director and Mr Alan Norman Blackwell and Mr Alan Morgan have been elected principals of MCKINSEY & CO. in the firm's London office.

Mr Christopher Russell has been appointed finance director of ASTON MARTIN LAGONDA. He joins the company from Leyland Vehicles (Buses), where he has been financial controller since 1981, having previously been with Ford and BL.

Mr Michael Layfield, previously a divisional director, has been appointed managing director of POWELL DUFFRYN TRAVEL, the travel agency subsidiary of Powell Duffryn. He succeeds Mr Basil Parsall, who retired on June 30.

BUPA. The following have been appointed to the board of governors: Mr D. J. Allan, group marketing director; Mr R. H. Clarke, executive director, health insurance (UK); Mr M. J. Smith, executive director, BUPA hospitals; and Dr A. K. Wirthington, executive director BUPA medical centre.

ELIZABETH INSURANCE announce that Mr Nigel C. Lasing, who was 60 in March, will retire at the end of this year as general manager. However, he will continue as deputy chairman of Lombard Elizabeth Insurance and as chairman of Jardine Reinsurance Management.

WEBB-BOWEN INTERNATIONAL, executive search consultants, announce the appointment of Mr R. T. S. Macpherson as non-executive chairman and Mr Bryan Cassidy, as a non-executive director.

Four new directors have been appointed to the board of BUNGE & CO. They are: Mr David L. Alroy, Mr Peter P. Bretherstone, Mr John C. Jeffrey and Mr Barry H. White.

Mr Stephen W. Calcraft has been made associate director of radstock, Bunt (Scotland) Ltd, BRADSTOCK, BLUNT (SCOTLAND).

WYVERN TELEVISION has appointed Mr Ian Bright as sales director. He was previously sales manager at Independent Radio Sales and at Thames Television.

TAYWOOD-SANTA FE, Greenford, has made the following appointments: Mr Geoff Davies becomes deputy chairman, and will continue as managing director; Mr Mike Barden, Mr Richard Mason, Mr Dick Pemberton and Mr Ron Shaylor all join the board.

THE BRITISH WATER AND EFFLUENT TREATMENT PLANT ASSOCIATION has re-elected the following for a second year as chairman, Mr Ray Roberts, managing director, Hawker Siddeley Brackets; and vice-chairman, Mr Chris Shirley, chairman, Dewplan Group.

HUNTERPRINT has appointed Mr Douglas Richardson as group commercial director. For the past five years he has been production director of TV Times.

INVER HOUSE DISTILLERS, Aldrie, has appointed three directors to the main board from July 1. They are Mr V. J. Lewis, marketing and sales director; Mr R. E. Boyle, operations manager; and Mr J. T. F. Cairns, financial controller.

HOOVER has appointed Mr A. E. (Tony) Williamson to the board as UK operations director. He joined Hoover in 1958 as a buyer. In 1976 he took charge of the UK marketing organisation and became an associate director in 1980.

Mr John Branscombe has been appointed managing director of GEC ROLLS-ROYCE (POWER GENERATION), a company formed by GEC and RR to supply gas turbine-driven power generation equipment above 10 megawatts. Mr Branscombe was formerly director and general manager of GEC Gas Turbines. Switzerland, and Baltica Insurance Company, Denmark, has appointed Mr Douglas H. Burgess to be underwriter and general manager from September 1. He will then be the nominated representative to the I.L.U. of those member companies underwritten by Lennox. Mr Leonard A. Locke remains executive director. Mr John A. Wilson, assistant director and deputy underwriter will also be cargo underwriter. Mr Ian Bellons continues as claims manager and is deputy general manager.

Mr Nigel Robson has been appointed London adviser to the BANK OF TOKYO GROUP. He joined Grindlays Bank in 1969 and was chairman from 1977 to 1983.

Sheffield-based finance company, THE WAGON FINANCE CORPORATION, has made the following management appointments from July 1. Mr Andrew Coombe is appointed to the main board of The Wagon Finance Corporation and deputy managing director of its subsidiary company, Wagon Finance. He is currently group solicitor and regional director (Northern) of Wagon Finance. Mr John Leatherland, group chief accountant of The Wagon Finance Corporation, is appointed financial director of Wagon Finance. Mr Graham Lord is appointed regional director of Wagon Finance based at Stockport. Mr Geoff Harrold is appointed regional director responsible for the offices in the South of England and East Anglia.

Mr Clive J. Franklin has joined the board of SPIRALUX HANDTOOLS and Spiralux Engineering as plant director.

LINK HOUSE PUBLICATIONS has appointed Mr James White as a director. He is managing director of Buzell and a director of United Faresis.

Mr Lewis Evans has been appointed regional director and general manager at the southern regional head office of LLOYDS BANK based in Guildford. He succeeds Mr Tony Scholefield who retires at the end of this month. Mr Evans was manager in the merchant banking division of Lloyds Bank International for two years before being made manager of the Collingwood Street branch of the Bank in Newcastle upon Tyne in 1982.

Mr Humphrey Barclay has been appointed creative consultant in the U.K. for COLUMBIA PICTURES TELEVISION. His responsibilities will be to acquire comedy formats and other properties suitable for developing and filming for American television.

This announcement appears as a matter of record only.



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June, 1984

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3i Term Deposits

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Deposits to and further information from the Treasury Directors in Industry Group plc, 91 Waterloo Road, London SE1 8XP (01-928 7832 Ext. 23671). Cheques payable to "Bank of England, a/c Investors in Industry Group plc".

3i INVESTORS IN INDUSTRY

Notice of Prepayment
THE DAIWA BANK LIMITED
U.S.\$15,000,000
Floating Rate Certificates of Deposit
Issued 12th August, 1982
Maturity 15th August, 1985 - Callable August, 1984

Notice is hereby given in accordance with Clause 5 of the Certificates of Deposit ("the Certificates") that pursuant to Clause 3 of the Certificates, The Daiwa Bank Limited will prepay all of the outstanding Certificates on 15th August, 1984 at their principal amount.

Payment of the principal amount, together with accrued interest will be made on the prepayment date against presentation and surrender of the Certificates at the London Office of The Daiwa Bank Limited, 77 London Wall, London, EC2N 1BD. Interest will cease to accrue on the Certificates on the prepayment date.

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Monday July 2 1984

Arms: talking about talks

IT HAS become increasingly clear in the last few weeks that the policy of the U.S. administration towards the Soviet Union has been undergoing a significant change, at least in terms of presentation. President Reagan, for example, went out of his way when he addressed the Irish Parliament last month to say that the Americans would be ready to discuss Soviet proposals on the non-use of nuclear weapons in the Conference on Disarmament in Europe in Stockholm. Previously such proposals had been dismissed out of hand, and Mr Reagan's proposal took even some Western observers by surprise.

The Soviet Union, too, is plainly reassessing its position since it walked out of the major arms control negotiations in Geneva at the end of last year after the Americans had begun to deploy intermediate nuclear forces in Europe. The Russians have long been worried about a new round of the arms race being played out in space, an area where the Americans would seem to have technological superiority and the economic means to sustain it. President Chernenko has suggested several times that there should be talks. Last week Moscow became specific and called for negotiations to begin in Vienna in September.

Significant

The Russians may well have been surprised by the clarity of the American acceptance. They appear not to have liked the American proposal to tie the talks to an attempt to achieve wider measures of arms control. Tass, in a statement clearly authorised from the highest level, said that the U.S. response was "totally unsatisfactory." Yet the original Soviet suggestion has not been withdrawn. After the cold climate of the last few months, it begins to look as if we are back in a period of talks about talks.

Some people, not only in Moscow, will ascribe President Reagan's apparent new readiness to negotiate on something closer to Soviet terms than he has ever accepted in the past to the forthrightness between the two countries, though it is so, he is not necessarily to be blamed for it. It is quite a significant

development if the American electorate is judged to have swung in favour of negotiations with the Russians—far different from four years ago when President Carter was on his way out and Mr Reagan on his way in.

Yet there may be more solid reasons for the change. Mr Reagan has done a great deal to restore American self-confidence and to rebuild its armed forces. He must have achieved enough by now to have disarmed the Republican right, with its tendency to claim that virtually any negotiations with the Soviets would be a sell-out. If he is re-elected, he should be in a position to say that the time has come to concentrate on peace. If he is not, Mr Mondale could no doubt say it for him.

Reputation

There is also evidence of concerted action among the Western powers. Mrs Thatcher has been to Budapest, so has Chancellor Kohl. President Mitterrand has been to Moscow and Sir Geoffrey Howe, the British Foreign Secretary, is there today. Not least there is the language of some of Mr Reagan's recent speeches. Several times in the last few weeks he has listed the possible areas of Soviet-American agreements; for instance, the revival of cultural, educational and scientific exchanges. In a speech last Wednesday he specifically praised the Soviet contribution to the arts and natural sciences, though without letting up—as President Mitterrand did not let up on—the case of Andrei Sakharov and other Soviet dissidents.

It is just possible here to see the beginnings of a renewed Western attempt at détente, even if the particular word is out of favour. President Reagan must be aware, however, that he has a reputation to live down—in Western Europe as well as in the U.S.—for his policy of still only tentative. It will not help if he continues aggressively to push ahead with more exotic arms programmes while continuing to plead that he is ready to talk at any time. The Russians will require a lot of convincing if the new line from Washington is consistent. But it may be that a corner is being turned.

Deadlock over the Falklands

THE VISIT to Argentina last week by three British politicians is the first real gesture of reconciliation since the Falklands conflict two years ago. The MPs, members of the South Atlantic Council formed to foster understanding between Britain and Argentina in the wake of the war, were invited by the Argentine Senate. Thus, while the visit was in no sense official, as the invitation did not come from President Alfonsín, it did provide a welcome opportunity to try to break the deadlock between the two countries over normalising their diplomatic and commercial relations.

Reluctance

Since Argentina was the aggressor, it is appropriate that the gesture to invite the MPs came from Buenos Aires. Argentina still theoretically maintains a state of belligerency. However, President Alfonsín is on record as renouncing the use of force to settle the dispute with Britain over possession of the Falklands. This signals that civilised dialogue, albeit unofficial, can prevail between two nations which have a common interest in mutual understanding.

Britain, for its part, has quietly dropped insistence on an end to the state of belligerency as a pre-condition for negotiations. But the laborious contacts through the porting powers, Brazil and Switzerland, have progressed little since they were initiated last December.

The deadlock hinges on the heart of the historic dispute with Argentina—sovereignty over the islands. President Alfonsín recognises the present British Government's reluctance to discuss sovereignty in the aftermath of the war, and has proposed that the issue be put on one side. This is about as far as he can go: formal waiver of the claim would be political suicide for him.

The British Government meanwhile refuses to negotiate the normalisation of relations with Argentina on any under-

standing that might involve a commitment to discuss sovereignty at a later stage. Mrs Thatcher, the Prime Minister, is adamant that the war fundamentally altered the situation and she is committed to respect the wishes of the 1,400 islanders.

High cost

However, the present policy is enormously costly to the British taxpayer and its longer term aim required increasing justification—especially the drain on the defence budget and its consequent diversion of Britain's military capacity from NATO. The moment is approaching when one should distinguish between the raw aftermath of battle and the longer-term fact that the islands' future is inextricably linked to Argentine good will and to normal relations between the two countries. Sovereignty was discussed for more than a decade before the fighting, even when a military junta ran Argentina. To rule out discussion of sovereignty at a future date defies the logic of geography and ignores the economic cost of "Fortress Falklands" and the political consequences of deadlock with Argentina.

There are already signs of some ambiguity in the British stance. The islanders are pressing Britain to declare a 200-mile territorial zone to protect the valuable fisheries and ensure some income from fishing licences. Their wishes are being resisted because the Foreign Office knows such an initiative would signal an intention for a permanent presence in the South Atlantic, prejudicing dialogue with Argentina and probably alienating much of Latin America.

How much of a compromise is it then for Britain to accept that one day it will again discuss sovereignty over the Falklands with Argentina? The answer is that it would be a recognition of reality. The choice is between recognising it now, when circumstances may be ripe or postponing it for an indefinite future. The Falklands, factor in British politics will not last for ever.

FORD OF EUROPE

FOR MOST of the past five years Ford executives at the company's embattled headquarters in Michigan have consorted themselves that, whatever else might be going wrong, they need not worry about their European subsidiary.

But no longer. In a dramatic reversal of fortunes it is now Ford of Europe which is causing concern in Dearborn, the hub of Ford's worldwide operation. Not only have Ford's European profits been sliding, but the company's arch-rival General Motors has been steadily gaining European market share to the point where it is now trading on Ford's heels. And Ford was pipped at the post last year by Renault in its bid to top the European car sales league for the first time.

The strains within Ford's European organisation — and beyond — have begun to tell. In the space of three months Ford's European vice-president and management organisation — Mr Ed Blanch and Mr Jim Capolongo — have resigned. Meanwhile Mr Bob Lutz, the man most identified with the launch of Ford's controversial Sierra has found himself sent back in the job of chairman of Ford's European operation, a position he left only two years ago when he was promoted to head all Ford's operations outside North America.

Ford and GM have adopted very different approaches to Europe. But for both it has become a very important battle-ground. Ford has created a highly integrated production and management organisation stretching from Spain to Dagenham. By contrast, GM has built its European car operations around Opel, its successful West German subsidiary, partly because it was the easiest way to become a major component maker as well. Bedford, its European commercial vehicle maker, is now part of the U.S.-based world bus and truck division.

GM has been buying its market share. Last year's 2 per cent jump in European market share was achieved at the cost of a \$238.3m net loss after only a tiny profit the year before. But, despite its losses, General Motors seems well satisfied with its progress so far.

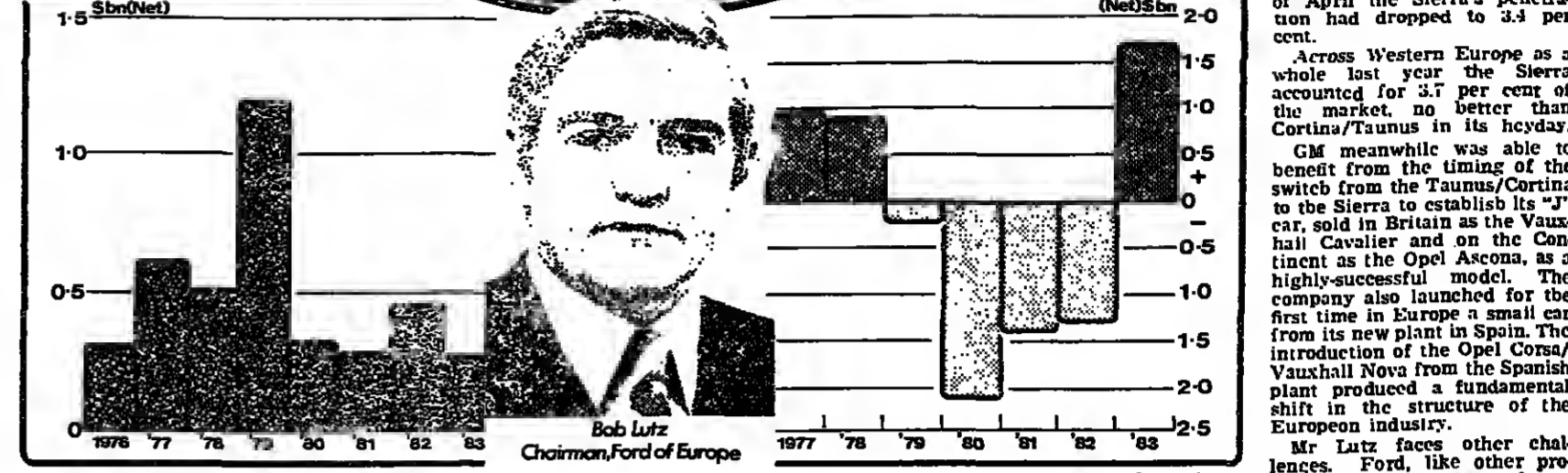
Ironically, Ford's European problems have mounted as its North American operation has swung back into profits. After losing over \$500 million in 1982 the company made a net profit of some \$1.69bn last year. But the company's European profits which climbed steadily to the 1979 peak of \$1.2bn have come sliding down again from \$451m in 1982 to \$281m last year.

The profits slide has led to an increasing tendency for executives in Dearborn to refer to the U.S. market as the "second guess" — the European market. It is this which almost certainly precipitated the resignation of both Mr Blanch and Mr Capolongo.

Mr Blanch and Mr Capolongo, the chairmanship of FoE quickly at the beginning of April. But his departure raised questions because it was so unexpected. Ford's usual policy has been to allow the FoE chairman a three-year term followed by promo-

The strains begin to tell

By Kenneth Gooding, Motor Industry Correspondent



tion to the U.S. Ford watchers assumed that Mr Blanch was having to carry the can for the deterioration in FoE's financial results. They were also intrigued when Mr Capolongo did not step into the chairmanship — it is normally Ford's policy to replace the chairman with the president.

Mr Capolongo took on Mr Blanch's responsibilities but not his title. Then at the beginning of June news leaked from Ford's headquarters that there had been a tremendous "transatlantic jangling match" between Mr Lutz and Mr Capolongo following which Mr Capolongo submitted his resignation and cleared his desk at FoE.

This resignation was not immediately accepted. At 49 Mr Capolongo was one of the youngest vice-presidents and by all accounts among the brighter ones. Senior executives at Ford, including the president Mr Donald Peterson, attempted to persuade Mr Capolongo to withdraw his resignation, but he apparently decided the time had come for a change of career.

Last week Ford said Mr Capolongo had now left the company. At the same time Mr Peterson announced that Mr Lutz's job is to be discontinued. He is to remain on the parent board but return as chairman of Ford's Latin America and Asia Pacific operations and is obviously a coming man at Ford. Mr Halstead, who joined Ford's financial staff in 1952 and has served in Brazil (twice) and Mexico, will take Mr Lutz's report directly to Mr Peterson in future.

Ford said the changes would take out one management layer and speed up decision taking.

The changes were also "designed to recognise evolving relationships among Ford automotive operations worldwide and to enhance coordination among major company activities." The changing nature of the world automotive market will require that these activities have increasingly close ties in the years ahead.

Mr Karl Ludvigsson, a former FoE vice-president who a year ago set up a London-based motor industry consultancy company, applauds the re-structuring. "The elimination of a separate international organisation in Dearborn should be welcomed. It was an outdated idea to treat the non-North American operations like colonial outposts. Making FoE a terrific move and a plus for Ford," he comments.

Ford says the changes had been under consideration for several months. However, the vacuum which developed at the top of FoE obviously affected the timing. As one FoE insider put it: "We've been running around like headless chickens, all flap and no direction."

Mr Lutz, the man at the centre of this particular power struggle, is a highly charismatic character. A tall, slim, grey-haired 52-year-old, he is fluent in several languages, an attribute which seemed to make him the perfect head of FoE during his previous period as chairman between 1979 and

1983 when he became one of the European motor industry's best-known managers. Mr Lutz was born in Switzerland but is now an American citizen — he did a five-year stretch in the U.S. Marine Corps after graduating with a BSc and MBA from the University of California. When he moved to Dearborn two years ago he seemed to be one step away from the highest pinnacle of Ford, a chairman of the future.

However, he is not a long-time Ford man and this appears not to have endeared him to some long-serving Ford executives. Mr Lutz started in the industry with General Motors in the U.S. before moving to GM's Opel subsidiary in West Germany. He switched from GM to BMW in 1971 as vice-president, sales and then joined Ford of Germany as general manager in 1976.

FoE was set up in 1967 when Ford pulled together the operations of its two main production companies — in Britain and West Germany — which independently would not have been able to justify the huge investment in new models.

Officially, FoE plays an advisory role while dealing with national Ford companies but in reality is responsible for coordinating production at the 24 European plants and for finance and forward planning throughout Europe.

To this organisation Mr Lutz

brings a distinctive management style. One FoE executive described him as a "take-charge guy." Indeed, Mr Lutz became personally identified with the development of the Sierra during his previous term as FoE chairman. The fact that Sierra has not lived up to Ford's best expectations has counted against him at Dearborn.

Mr Lutz believed that the Japanese would take more of the "value for money" motoring which traditionally had been Ford's strength and that his company had to move upmarket in technology.

"My product philosophy is to get Ford cars out there that people desperately want rather than cars they will buy because of the price," he once explained. Ford spent £550m to bring the Sierra to the market. The objective was for two plants, Dagenham in the UK and Genk in Belgium, to make 1,300 Sierras a day with Cork in Ireland "topping up" with another 100 a day. That would have given an annual output of about 450,000.

In the event, last year Ford sold about 381,000 Sierras throughout Europe, 15 per cent below capacity. By the end of 1983, Ford had decided to close the Cork plant — having used the £10m-worth of equipment installed for Sierra for only 13 months — and Genk was on short-time.

(Short-time working continued at the Belgian plant until last week when shortages of components caused by the now ended German metal workers' strike brought the car lines to a complete halt).

Mr Lutz hoped the aerodynamic Sierra would bring German customers into Ford showrooms. Sierra's achievement of a 4.5 per cent share of the German market in 1983, much better than Taunus/Cortina in its final years. But by the end of April the Sierra's penetration had dropped to 3.3 per cent.

Across Western Europe as a whole last year the Sierra accounted for 3.7 per cent of the market, no better than Cortina/Taurus in its heyday.

GM meanwhile was able to benefit from the timing of the switch from the Taunus/Cortina to the Sierra to establish its "J" car, sold in Britain as the Vauxhall Cavalier and on the Continent as the Opel Ascona, as a highly successful model. The company also launched for the first time in Europe a small car from its new plant in Spain. The introduction of the Opel Corsa from the Spanish plant produced a fundamental shift in the structure of the European industry.

Mr Lutz faces other challenges. Ford, like other producers, has been hit by the recession in commercial vehicle markets. The European Commission has started court action against the company, alleging that some of its car distribution practices in Britain are illegal. And in Britain Ford's refusal to license other manufacturers to produce Ford car body parts has led to a Monopolies Commission investigation.

Along with the rest of the industry, Ford will also have to cope with an upheaval in West Germany. Europe's biggest car market, caused by the Government's insistence on stringent new pollution control regulations.

With all this to worry about in Europe, Mr Lutz seems to be out of the running for another move when the top management reshuffle takes place at Dearborn later. Mr Philipp Caldwell retires as chairman. When Mr Lutz was president of FoE from 1976 to 1979, his boss was Mr Harold "Red" Poling, then chairman of FoE. By all accounts Mr Poling, who came from Ford's finance team, and the extrovert Mr Lutz had their prickly moments.

Poling's position has already begun because Mr Caldwell is due to retire in January or February next year, although there have been hints that he will stay on.

One Ford executive observed: "If you think there has been any real change at Dearborn, you should see what is going on at Dearborn."

However, the indications are that this particular power struggle among Ford's top executives will soon be over and that the succession will be established by September's board meeting.

FORD versus GM

Region	Percentage share of European car market			
	1980	1983	1984	(Jan-Apr)
Western Europe	Ford 11.1, GM 8.7	Ford 12.6, GM 11.2	Ford 12.4, GM 12.2	
Germany	Ford 10.3, GM 17.3	Ford 12.0, GM 19.1	Ford 11.5, GM 18.2	
France	Ford 3.7, GM 1.8	Ford 7.1, GM 3.3	Ford 7.8, GM 4.2	
UK	Ford 30.7, GM 8.8	Ford 29.9, GM 14.7	Ford 27.4, GM 18.2	

Source: Industry estimates.

Perot's part in General Motors

The curriculum vitae of 53-year-old H. Ross Perot, who has thrown in his lot with General Motors by agreeing to the buy-out of his Electronic Data Systems, could scarcely read like that of the typical motor industry executive.

Hard-driving and highly individualistic, Perot was trained at the Naval Academy, and is still said to run his Dallas-based company as though it were a branch of the military. His time in uniform also appears to have given him a penchant for adventuring. During the Vietnam war, he was involved in various attempts to get GI prisoners back from North Vietnam; and after the Iranian revolution, he organised the rescue of two of his executives from a Tehran prison — an exploit recounted in the bestselling "On Wings of Eagles."

Started 22 years ago as a \$1,000 company, EDS has had a few ups and downs, notably when Perot tried to rescue two Wall Street firms and lost his shirt — about \$70m — instead. But in recent years, it has enjoyed

Men and Matters

spectacular profit increases to \$88.7m last year as it has established market leadership in the booming computer services sector, installing and often running data processing systems. How will this Texan individualism live with GM, sometimes regarded as the model for methodical corporate organisation? To solve the problem, the motor group, with the help of Salomon Brothers, has come up with an imaginative scheme.

As part of the \$2.6bn takeover — Perot and his family trusts get 48 per cent — GM is issuing a new class of shares linked to EDS's performance, but convertible to the group's shares should EDS falter.

Given that the GM bid was itself worth twice EDS's market value quite recently, it is not surprising that even a rugged individualist like Perot could not resist the deal.

Dome's day

Howard MacDonald, chairman of the debt-ridden Canadian oil and gas producer, Dome Petroleum, listened impassively at the company's annual meeting in Toronto as one small shareholder after another complained that senior managers seemed to be neglecting the well-being of their own financial welfare rather than Dome's.

Though Dome lost Cst.1bn last year, much of the meeting was spent discussing share option schemes for company officials and the remuneration of Morgan Stanley, the company's main financial adviser.

MacDonald, a Scot who left Shell Oil last year to head Dome, earns a basic salary of half a million dollars plus a raft of fringe benefits. Why can't Dome follow Chrysler's example, one questioner demanded, by rewarding managers only after the company

Up to the mark

Some 265 years after his forebears emigrated from Scotland, Bill Samuels returned from the United States last week with some samples of his whisky for the native connoisseurs.

Of the nine generations of Samuels since those emigrants in the early 1700s, at least seven have been whisky distillers, first in Pennsylvania, and then in Kentucky.

It was not until Samuels' father threw the old family formula for bourbon into the waste-paper basket in the 1950s that the family made its mark in the industry.

Substituting wheat for the rye in the corn and barley mash, he produced a mellow bourbon — "a slippin' whisky, for drinkin' slowly, at ease."

Maker's Mark found an immediate place at the top end of the market. The Kentucky racing fraternity discovered the taste... and gradually spread it around.

The Samuels refused to abandon the traditional six-year production process to meet growing demand. Only 450,000 cases a year are shipped out of the Star Hill Farm distillery, the smallest and oldest in the U.S., which has been designated a national historic landmark.

Vienna's discord

"A guest must know when it is time to pack his bags and leave," says Lorin Maazel, who quit as director and chief conductor of the Vienna State Opera at the weekend, two years before his contract was due to expire.

"As a musician, it has been heaven," Maazel says — but his tenure has also been marked by constant discords with Education and Arts Minister Helmut Zilk and the local press.

The question is: who runs the opera, the minister or the director? Under his management, Maazel points out, the opera had full houses, brought renowned artists to Vienna, and made profits. "Dr Zilk brings to his post experiences garnered as a part-time grammar school teacher and sports reporter."

The opera will be run by former director, Egon Seefelner, until 1988 when Claus Drees, currently director of the Zurich Opera, will take over as administrative director, with Claudio Abbado, as musical director.

Such a split of responsibility cannot work, says Maazel — apparently expecting little difficulty finding work himself. His diary runs with engagements well into 1987.

Spirit of the law

What happens if you don't pay your excise? — You get repossessed.

Observer

BRITISH-BORNEO PETROLEUM SYNDICATE, P.L.C.

Statement of the Chairman, Mr. Campbell Nelson, delivered at the 70th Annual General Meeting of the Company held in London on 28th June 1984

I am glad to be able to report record profits for the year to 31st March 1984. Pre-tax profits of £1,424,000 compared with £1,154,000 for the previous year. Net profit, after taxation, was £970,000 compared with £781,000 for the previous year. We paid an interim dividend on 16th December 1983 of £225,000 and recommended a final dividend of £450,000. These dividends totalling £675,000 represent a 69.6% distribution of net earnings leaving unappropriated earnings for the year of £295,000 which added to the unappropriated profits brought forward give us total unappropriated profits of £1,965,000 at the end of the year as shown in our Consolidated Accounts. The dividends in respect of last year amount to 15p per stock unit on the paid-up issued capital of 4,500,000 stock units of 10p each compared with dividends for the previous year of 12.80p per stock unit.

It is gratifying that our listed investments showed a substantial increase in Market Value at the end of the year. The Market Value of the listed investments at 31st March 1984 was £20,348,000, the unrealised appreciation over their balance sheet value being £16,321,000 compared with £11,864,000 at the end of the previous year.

The make-up of our listed investments at 31st March last at their Market Values was 85% Oil Companies, 5% Gold Preference Shares.

The position as to our oil and gas interests in the U.S.A. and Canada is dealt with in the Report of the Directors. Up to the present the investment involved is small compared with our stake in listed investments, but we continue to search for opportunities to participate in producing properties in the U.S.A. We derive profit from our interests in oil producing properties in Wyoming and we expect at a later stage to derive income from our Canadian interests.

Our main investment continues to lie in securities particularly in oil quoted on The London Stock Exchange. Notwithstanding the present unsettled state of the Stock Markets we expect to have a good result for the year.

The good relationship with Consolidated Gold Fields, our principal shareholder, is an important factor in the prosperity of our Company. Once again I express my gratitude to their representatives on the Board of your Company who are Messrs. Beckett, Brooks and Barton for the valuable services they have rendered.

Copies of the Statement and the 1984 Report and Accounts are available from the Registrars, Lloyd's Bank Plc, Registrars Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.



"Now that's what I call 'nouveau riche'—a week ago all he had was a strawberry stall at Wimbledon."

FOREIGN AFFAIRS

Britain's veto fades away

By Ian Davidson

ALMOST ALL of the comment on last week's European summit at Fontainebleau has focused on the wrong question: did Mrs Thatcher get a good enough deal on the British budget rebate? Much of it has come up with the wrong answer: no. This is a pity, because the question is now pointless; it is also beside the point.

It is pointless, because there is no way now of reopening the argument whether a two-thirds rebate is good enough. That figure is effectively set in concrete for the foreseeable future, and it will remain the marker, probably the outside marker, for any future negotiations on the subject, once the Community reaches its new financial ceiling.

virtually been used up. In theory, Mrs Thatcher could still hold a financial axe over the rest of the Community, by refusing ratification of the treaty instruments which would increase the Community's financial resources. But in realistic terms, that threat is only a faint shadow of its former self; a political deal was done at Fontainebleau, and she is morally obliged to stick to it.

let's get right down to brass tacks and stop waffling. But hold! Perhaps the situation is no longer quite like that, after all. Shortly before the Fontainebleau summit, the British Government circulated a paper on its views of the future of Europe, and compared with what the Government previously said on the same subject, it seems that a remarkable evolution has been taking place in Downing Street behind the scenes.

The political dimensions of Europe

in the interest of the Community as a whole, since it can make no sense to maintain the burden of unseizable farm surpluses, with a growing risk of an agricultural trade war with the U.S. The control of Community spending and for reform of the common agricultural policy, prove in detailed negotiation to be less binding and less far-reaching than she would like, too bad. From now on, the conversion of principles into practice must be achieved by persuasion, not by menaces.

At the economic level, there is already some degree of consensus emerging, even if it is so far only lip-service: the Community needs to remove obstacles to internal trade, and it needs to promote modern technology and industry to compete with Japan and the U.S. The divergences in public, have concerned the political objectives of the Community.

The dividing line has hitherto lain between France and Germany on the one hand, and Britain, on the other. Paris and Bonn have both been pressing the political accelerator, with President Mitterrand hailing the aim for a treaty-based move towards a more politically-integrated Europe. But in public the British Government has been keeping its toe firmly and rather conspicuously on the sceptical brake.



Mrs Thatcher, with a map of "Britain in Europe" in the background, at Tory headquarters in May

Lombard Unmentionable debt solution

By Samuel Brittan

THERE IS one supposed solution to the world debt problem frequently mentioned in conversation, but rarely publicised because of its supposed lack of respectability. This is that inflation should be used to reduce the real value of the debts. As banks' liabilities are denominated in dollars, the banks themselves might emerge relatively unscathed from such a "solution" even if their depositors, creditors and shareholders did not.

Experience has shown that it is practically impossible to lever up inflation to such rates and then go back again to more normal slowly creeping inflation, either quickly or without massive costs involving recession and unemployment. Once prices are rising at double digit rates, inflationary expectations are liable to take off, and it takes years of very strict monetary policies to reduce them again.

strengthen the European pillar of the Alliance and improve European defence co-operation. The U.S. strategic commitment to Europe will remain an irreplaceable guarantee of Western security. If we wish to preserve it, the European Allies must find answers to some difficult questions: Are we able to take on a larger share of the responsibility for our defence? ... The answers make it evident that such problems have to be tackled jointly ...

Strain of U.S. interest rates

From Mr Stuart Brickell. Sir, I think I detect in your columns a growing awareness that too much reliance is being placed on the U.S. fiscal deficit as the prime cause of high interest rates, the debt crisis and the strains being felt by the financial and banking system. It may be that the financial system would still be in deep trouble even if the U.S. budget deficit did not exist. The culprit may be the lender/debtor institutional framework itself.

Letters to the Editor

revenues and a government fiscal deficit. It is noteworthy that although the Japanese government has a huge budget deficit, it has no difficulty in funding it at very modest rates of interest. It would seem that the Japanese reluctance to "open up" their financial markets to unrestricted competition shows great wisdom.

Not so friendly societies

From the Chairman, Lancashire and Yorkshire Assurance Society. Sir, The Government could be losing 3m friends—members of Friendly Societies throughout the country. The March budget has, by drastically reducing concessional taxation, made friendly societies, put many of the older societies and the benefits they provide in jeopardy.

How to rent a car for £1.

Advertisement for Swan National Hotel Package and car rental. Text describes the hotel package (breakfast, room, car for £1) and car rental details. Includes a photo of a car and a coupon for requesting more information.

Coupon for requesting information on the Swan National Hotel and Executive Getaway Package. Fields include Name, Designation, Company, Address, Postcode, and Tel.

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FINANCIAL TIMES

Monday July 2 1984

RUSH & TOMPKINS
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Terry Byland on Wall Street
A potent third force develops

IT HAS been an exciting few weeks for New York's third market - the off-Wall Street market where quoted securities are traded between institutions without recourse to the various stock exchanges.

First, there was the excitement to Walt Disney Productions, stock which was no sooner suspended on the New York Stock Exchange (NYSE) than it was back in business at Jefferies Co, the third market firm, trading at prices which have yet to reappear on Wall Street itself.

Then, briefly, the third market took over the trade in Jewel Companies, the retail group, when its shares were also suspended on the NYSE pending the latest news from the talks with American Stores.

To follow this last week, huge blocks of stock - both of the leaders and of lesser-known names - were traded, often off the market floors.

The dramatic bid situations are the public face of the third market, but the ability to continue trading in listed stocks after their suspension on the NYSE is not its prime function.

The pension funds and other prominent institutions, or even publicly quoted corporations themselves, are sometimes disadvantaged in the public marketplace by their size. The attempt to trade a large block of stock, either by breaking it down into small lots or by hawking it round the market, can push the price higher, against the would-be seller.

The third-market operators, of which Jefferies is far the largest, live by their detailed computer lists of customers, which are constantly updated to show who might buy or sell any particular security. The third market is the home of the block trader, that most voracious of the U.S. securities dealers.

Block trading volume has been expanding for a decade, fed by the growing institutional presence and by the immense liquidity of the pension funds, mutual funds, individual retirement funds, money-market funds and the host of money brokers.

Jefferies, which claims around 90 per cent of the third market, turned over \$55m last year, representing a growth rate of 70 per cent since 1980. With the U.S. pension fund industry increasing investment overseas, the third market is also expanding outside the U.S., and has many London bankers and investment advisers in its client lists.

The challenge of the third market is to offer trading markets virtually throughout the 24-hour cycle whether stock exchanges are open or not. Working hours at Jefferies are brutal. Mr Boyd Jefferies, founder and driving force, climbs out of bed in Los Angeles at 1.30 am and all traders must report for work in time for a morning conference linking the offices in Los Angeles, New York, Boston, Atlanta, Chicago and Dallas.

By 8.30 am in New York, tensions are painful, with half an hour before the NYSE opens. Traders scan computer lists of client positions and listen to a public-address system on which the firm's 135 sales force can address the entire network throughout the day.

The trick is to find buyers or sellers for any deal proposed. Jefferies rarely acts as a principal or speaks to brokers. It prides itself on dealing directly with its clients, which comprise more than 1,000 institutions, 6,000 or so corporations and a host of high net worth private clients - local pariahs for the very rich.

Relations with the NYSE are best described as distant, especially since November 1981 when Jefferies arranged for a group of institutions to buy up two huge utility-company new issues, cutting out the traditional underwriting operation - and its fees. That produced a new Securities and Exchange Commission regulation, rule 415, which effectively allowed others to follow in Jefferies' footsteps in the new-issue market.

The SEC was following the stance set by Congress in favour of the development of a third market, as part of deregulation of the securities industry. With friends like that, third-market operators probably have little reason to fear the disfavour of the Wall Street establishment. Jefferies has twice resigned from the NYSE but remains a member of Nasdaq - another brusque newcomer which disdains what it calls the "marble pillars and trading floor" approach to the securities business.

Both Nasdaq and the third market are a phenomenon of the growth in electronic market links. With markets clearly moving towards closer electronic links on the international scale, third markets, block traders, or what you will, might soon become a feature of the worldwide securities industry.

Wall Street report and prices. Pages 26-29

Pressure that stopped the presses

John Davies on why one German dispute missed more headlines than it made

A HELICOPTER laden with newspapers took off as many as 20 times from the courtyard of a Frankfurt print works while striking printers staged an angry but futile protest in the street outside. The incident a week ago has been the most spectacular in the bitter dispute disrupting the West German printing industry for the past three months.

The dispute has arisen over demands by the printers' union, IG Druck, for a cut in the working week from 40 to 35 hours; a new wage structure; and more control over the introduction of new technology.

IG Druck, with 145,000 members, has been building up a campaign of disruption to support its case while the 2.5m-strong IG Metall, the metalworkers' union, has been pressing for a shorter working week in the car industry and other factories.

Strikes and lock-outs in the metal industry have been capturing most of the headlines. In everyday life in West Germany, however, the printers' dispute has been more widely felt as many newspapers have failed to appear or have turned up in smaller and unfamiliar form.

The dispute has presented a headache to people relying on advertisements for jobs, secondhand cars or homes.

A compromise solution was reached in the metal industries last week, but the print dispute simmered on. Negotiations were re-

sumed in Düsseldorf at the weekend.

The helicopter airlift was organised by the Frankfurter Allgemeine Zeitung (FAZ) newspaper because strikers picketing the print plant of the Frankfurter Societäts Druckerei (FSD) had prevented vans from leaving with newspapers.

The FAZ said the pickets endangered the helicopter by hurling stones and bottles at it, despite the presence of police.

Although the police have been cautious about becoming embroiled in the print dispute, they have clashed with strike pickets at times when enforcing court injunctions ordering strikers to allow free access to and from print works.

In one of the latest conflicts, about 50 police moved in to carry away pickets blockading the printing plant of the Darmstädter Echo at Darmstadt, near Frankfurt, on Friday. Several people, including police, were injured.

The union has shifted its targets at times but has concentrated its efforts in the Frankfurt area in recent weeks.

Faced with strike action, some newspapers have been halted entirely. Those included the interna-

tional edition of the Financial Times, which failed to appear for more than two weeks.

Other newspapers have produced emergency editions, often no more than four pages. Handelsblatt, the financial daily printed in Düsseldorf and Frankfurt, produced an eight-page emergency edition for more than a week using typewriter-like script.

With talks being resumed, strike action has been relaxed, with management envisaging full-scale production of newspapers, including the Financial Times international edition.

The appearance of any newspapers at all during the strike speaks volumes for the plight of the print workers in West Germany.

In many cases they have been unable to bring all workers out. At FSD, for instance, the management said that about 900 of its 1,100 print workers went on strike, but some remained at work in various sections, including plate-making and the press room.

Moreover, the dispute has strengthened the determination of some newspaper management to press ahead with advanced technology under which journalists can control

typesetting and make-up of pages to a computer system, taking over tasks from print workers. The FAZ, which has been developing such a system for some time, has made further advances to overcome disruption during the print strike.

With technological change going ahead, IG Druck has been pressing for greater influence over the way print works are run and over the introduction of new equipment. That demand, even more than claims for reduced hours, has met strong opposition from managements.

Print employers have been standing firm against all of the union's claims and rejected out of hand proposals for extra leave, as a form of reduced working hours, made by Professor Kurt Biedenkopf, the mutually agreed mediator, last month.

Professor Biedenkopf, a prominent politician of the Christian Democratic Union (CDU), may have been too hasty in seeking a settlement before the metal industry dispute was solved.

The print employers now have offered a compromise based on the settlement in the metal industry, with a cut in the working week to an average of 39½ hours, although IG Druck initially reacted with little enthusiasm.

Whatever the immediate outcome of the dispute, technological advance seems set to continue, confronting print workers with the dilemma of adapting to change or fighting an increasingly difficult battle.

European recovery loses momentum

By Max Wilkinson, Economics Correspondent, in London

THE RECOVERY of European economies may have lost a little of its momentum in recent months, according to employers' organisations in different countries.

However, they hope that this is only a hesitation in a slowly improving trend.

The Conjoncture group of business organisations, under the chairmanship of the Confederation of British Industry, today released its forecast for the European economy. This showed an average growth of 2½ per cent this year followed by 2 per cent next year.

This prediction is close to that of the Organisation for Economic Co-operation and Development in Paris and with the unpublished forecast of the EEC in Brussels.

The evidence for some recent slowing down comes from a study of business surveys conducted in

the different countries and is regarded as rather tentative.

At a recent meeting to discuss their forecasts, economists from these organisations agreed that levels of profitability in many European countries might lead to price increases later this year which would tend to depress the growth of consumption.

This factor, with the expected slowing down in the U.S. economy would result in some slowing down of growth rates next year, they agreed. However, they expect growth to be fairly buoyant in the second half of the current year.

Unemployment is likely to continue to rise from 11 per cent of the total European workforce this year to 11½ per cent next year.

French progress detected, Page 2; UK spending curb sought, Page 11

Country	Conjoncture group (business surveys)		OECD		EEC	
	1984	1985	1984	1985	1984	1985
W. Germany	2.5	2.5	3.0	2.8	3.0	2.5
France	1.5	1.2	1.2	1.1	1.4	1.4
UK	3.0	3.0	2.5	2.3	2.7	2.1
Italy	2.6	2.3	2.3	2.3	2.4	2.9
Sweden	2.6	1.0	3.3	2.5	2.8	2.5
OECD	-	-	-	-	-	-
Europe	2.3	2.0	2.3	2.3	2.2	2.1
EEC	-	-	-	-	2.2	2.1

Eurobond market clings to its faith in trusts

Continued from Page 1

profit and loss account for each trader is produced daily. If one trader is consistently performing less well than the others in the same sector of the market, he can be asked why. Second, using computers and independent prices from other market makers, the prices at which trades are done can be checked to see if they are in line with the market.

One problem is the lack of a central minute-to-minute price monitoring system, such as that run by the London Stock Exchange. Also, the variation of prices between different market makers can mean that fraudulent deals done at prices a small percentage away from the average price may not be detected.

In any case, in some types of bonds - such as convertible bonds and zero-coupon bonds which seem to have been involved in the UBS/Bear Stearns case - prices can move sharply during the course of a

day, so a deal done at a price within the day's range can look right, even if it was wrong at the moment when the trade was executed.

The AIBD produces a weekly list of prices, collected from the market makers in a particular issue and averaged.

Many dealers cite scandals in the highly regulated New York bond market to support claims that regulation is not an answer to the Eurobond market's problems.

Eveo UBS realises this. Their spokesman said: "If you want to cheat you are not blocked by the existence of regulation. One strength of the Eurobond market is that there is no government regulation; the market is regulated on its own."

"In the end you must trust people and allow them to do their work. If there are too many barriers and obstacles they will not be able to do their work. This is a risk of the profession."

World Weather

Locality	Temp	Wind	Cloud	Temp	Wind	Cloud
Abuja	27	17	10	27	17	10
Algeria	28	18	10	28	18	10
Amman	28	18	10	28	18	10
Asmara	28	18	10	28	18	10
Bahia	28	18	10	28	18	10
Bangkok	28	18	10	28	18	10
Bombay	28	18	10	28	18	10
Buenos Aires	28	18	10	28	18	10
Calcutta	28	18	10	28	18	10
Cairo	28	18	10	28	18	10
Caracas	28	18	10	28	18	10
Cebu	28	18	10	28	18	10
Dhaka	28	18	10	28	18	10
Dublin	28	18	10	28	18	10
Geneva	28	18	10	28	18	10
Hanoi	28	18	10	28	18	10
Harare	28	18	10	28	18	10
Hong Kong	28	18	10	28	18	10
Jakarta	28	18	10	28	18	10
Johannesburg	28	18	10	28	18	10
Kuala Lumpur	28	18	10	28	18	10
London	28	18	10	28	18	10
Los Angeles	28	18	10	28	18	10
Luanda	28	18	10	28	18	10
Lyon	28	18	10	28	18	10
Madras	28	18	10	28	18	10
Mumbai	28	18	10	28	18	10
Nairobi	28	18	10	28	18	10
Paris	28	18	10	28	18	10
Rangoon	28	18	10	28	18	10
Rio de Janeiro	28	18	10	28	18	10
Singapore	28	18	10	28	18	10
Sri Lanka	28	18	10	28	18	10
Taipei	28	18	10	28	18	10
Tel Aviv	28	18	10	28	18	10
Tokyo	28	18	10	28	18	10
Washington	28	18	10	28	18	10
Zanzibar	28	18	10	28	18	10

Continental move may foil Goldsmith

By Terry Dodsworth and William Hall in New York

CONTINENTAL GROUP, the U.S. packaging, energy and forest products company, has negotiated a surprise \$2.75bn merger with a group of private investors in a move which seems likely to thwart the takeover ambitions of Sir James Goldsmith, the UK financier.

In an announcement late on Friday night, Continental said the private group, which includes Peter Kiewit Sons, a private mining and construction group, and Mr David Murdoch, a Californian financier, had offered \$58.50 a share in cash for the company.

The bid compares with an initial informal offer of \$50 a share from Sir James, which he is believed to have raised to \$55 in a behind the scenes auction for the packaging group.

Mr Bruce Smart chairman and chief executive of Continental said: "The proposal by Kiewit/Murdoch Group is the highest price among several alternatives, is not subject to any financing contingencies, and is entirely satisfactory to our directors in other respects, including Kiewit/Murdoch Group's assurance to continue substantially unchanged Continental's present employee compensation, benefits and policies."

Mr Smart also stressed that the purchasing group, in which Kiewit will hold 80 per cent and Murdoch

20 per cent, intended to run the group as an independent operating company "in a manner consistent with our traditions and culture."

Continental, the 68th largest company in the U.S. in terms of sales had revenue last year of \$3.5bn and net income of \$199m. It employed just under 40,000 people at year-end.

Mr David Murdoch, who was a high school dropout, has been involved in a number of boardroom battles, and now controls business interests worth more than \$300m. He has a large stake in Occidental Petroleum, where he has tried to increase his investment but has been rebuffed recently by Dr Armand Hammer, the 83-year-old chairman.

Peter Kiewit Sons, a secretive group based in Omaha, Nebraska, joined forces recently with Occidental in a number of joint ventures including a partnership to develop China's biggest coal mine.

After first rebuffing Sir James, who raised the takeover issue at the beginning of June, Continental effectively opened itself up to private auction by saying that it would consider offers and act in the best interests of shareholders.

Analysts had suggested that \$55 a share would be an extremely good price for the group, and Sir James's advisers have indicated that that was towards the top end of what he was prepared to offer.

Banks rule out chance of deal with Argentina

Continued from Page 1

decide whether to make any concessions to the country after its failure to reach accord with the IMF on economic stabilisation.

On Friday afternoon Sr Bernardo Grinspun, the Argentine Economy Minister, irritated many of the participating banks by announcing that the deal had already been struck. In fact the banks were still negotiating the terms of their advance, and it took a further six hours of wrangling before it could be completed.

Under the deal the advisory committee banks have also agreed to defer until October 1 repayment of a \$100m advance extended to Argentina in March. All creditor banks are being asked to stretch out until mid-September the maturity of a \$750m loan instalment that fell due on June 15.

The banks' latest \$125m advance will be secured against Argentine deposits at the Federal Reserve Bank of New York. Its maturity can be extended until October 1 if Argentina reaches an IMF agreement before August 15, but the first hurdle faced by the Government of

President Raul Alfonsin in this respect is now July 31.

That is the date on which a \$300m advance falls due from the governments of Mexico, Brazil, Venezuela and Colombia.

Manufacturers Hanover Trust, the U.S. bank most heavily exposed to Argentina, said on Friday night that it had already decided before the agreement to place its Argentine loans on a non-performing basis. It forecast that its second quarter earnings would be cut by \$25m or 28 per cent.

Under U.S. bank regulations, which are to be tightened from the third quarter onwards, loans become non-performing when interest is more than 90 days overdue at the end of any quarter. This means that banks can count interest due on the loans as part of their earnings only when it is actually paid.

They also have to subtract any presumed interest payments from their earnings figures already declared.

Another leading U.S. bank with much at stake in Argentina is Crocker National, which is controlled by Midland Bank of the UK.

U.S. talks offer rejected

Continued from Page 1

With the U.S. election only four months away, Mr Reagan has been pressing hard for a resumption of the stalled Geneva negotiations on strategic and intermediate-range nuclear missiles and seeking to show that the current impasse is due to Soviet, not U.S. intransigence.

Mr Reagan, however, has been cool to the idea of negotiations on anti-satellite and space weapons,

THE LEX COLUMN

Permutations for privatisation

Last week's Enterprise offer for sale has left so much egg on so many faces that the Government must be wondering whether there are not better ways to cook an omelette. Even if the shares rise to a comfortable premium when dealings begin today, and RTZ gracefully retires from the field with a tidy profit, the Enterprise offer will certainly rank as the least successful privatisation to date.

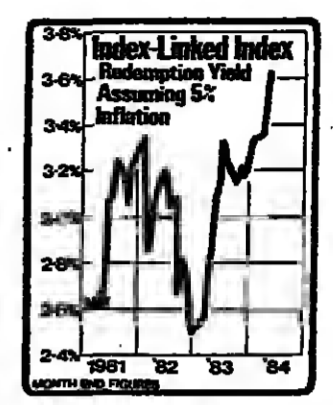
To be fair, the Government and its financial advisers cannot be expected to shoulder all the blame for the Enterprise flop. The clauses governing control in the prospectus were admittedly too loosely drafted but, in contrast to Britoil, the shares were offered at what seemed - and still seems - a reasonable price. Moreover, Enterprise was by its nature especially vulnerable to a falling market. It was aimed largely at institutions which, having plenty of North Sea oil already washing around in their portfolios, could justifiably adopt a take-it-or-leave-it approach.

Yet, even if the privatisation programme as a whole may be counted on to balance a success, the track record is certainly not improving. British Aerospace and Cable & Wireless, the two conspicuously successful primary offerings, now look a long way behind us and the apprehension surrounding future issues, and Telecom in particular, is greater than ever.

Part of the problem rests with the Treasury, which has shown precious little consistency in its dealings with the market. The grandiloquent political statements which marked the beginning of the programme have been replaced by a narrower preoccupation with the public-sector borrowing requirement (PSBR) and a determination not to lose face. Embarrassed by the American fixed-price offer, the Treasury has veered towards the tender approach, even for secondary offerings, on the ground that even if it does fail to attract the highest possible price, it should look all right in Westminster.

Yet, in financial terms, the tender has not served either party to the bargain especially well. The underwriters have twice been left to carry the cost while, in several instances, the Government might arguably have raised more through a fixed-price offering. Certainly, in the case of the C & W secondary offering, it would have avoided an underwriter's strike.

So far, the Government and its successive financial advisers have stuck to tried and tested public of-



On the basis of market soundings, the Government could then fix a price. If the issue were subsequently undersubscribed, it would fall back on the underwriters for an immediate 10 per cent and, after a seven-day interval to mitigate the "overhang" problem common with tap issues, sell a further tranche at close to the then prevailing market price.

For the arrangement to work, the Government would need to agree a low underwriting price - reflecting the longer selling period - but might in return negotiate a steeper underwriting commission. It would also need to show more flexibility in the phasing of its borrowing programme. But the prospect of achieving harmony with the equity market would surely outweigh the small damage which the arrival of an unexpected gilt-edged stock might do to its standing with the fixed-interest community.

Indexed index

Caution apart, one reason why it has taken three years for the actuarial profession to agree on appropriate indices to measure the aggregate performance of the index-linked sector is a running disagreement over how to compute the redemption yields. This has now been settled in the new FT-Actuaries Index by letting the investor take a pick of inflation rates - given the choice between 5 per cent and 10 per cent - and imputing a yield to the whole sector by calculating the yield on a basket containing an equal proportion of each stock in the market.

The choice of inflation rates is indeed arbitrary; some argument could be made for building in some added realism by using the current inflation rate instead. But in fact yields on the two inflation assumptions can be used to indicate the yields at other rates of inflation by extrapolating or interpolating according to the actuaries the result should be accurate to within a few pence with inflation anywhere from zero to 15 per cent.

Problems might arise if the authorities ever decided to issue index-linked stock with optional redemption dates, for while such a stock is obviously headed for early redemption when it stands well above par, at times when it is close to par its life is more or less indeterminate - and for an indexed stock the length of its life is one factor fixing its yield. But for tomorrow's start, no such gremlin seems likely.



SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Monday July 2 1984

RTS GROUP... SERVING SHIPS, PORTS, INDUSTRY

FUTURE RATE AGREEMENT

Bankers get another interest rate tool to juggle with

BY DAVID LASCELLES IN LONDON

WHAT with financial futures, interest rate swaps, options and tailor-made interest rates protection packages, bankers have not lacked ingenuity when it comes to grappling with their funding problems these days.

In the last few weeks another variation on the theme has emerged on the London market: the future rate agreement (FRA), which looks a bit of a latecomer but makes up for it with the rare virtue of simplicity.

Basically no more than a private agreement between two banks to compensate each other for changes in interest rates, the FRA is a relatively cheap and straightforward way to lock in an interest rate ahead of time. But being in its infancy, the market is still under test.

Mr Anthony Haig-Thomas of Tradition, the Swiss-based money brokers who claim to be the pioneers, estimates that 30 to 40 major banks from the U.S. and Europe have done deals in the last month or so. Tradition itself, he says, is brokering about four or five deals a day in the \$5m to \$25m range.

Active deal-makers include Citicorp, Banque Nationale de Paris, Société Générale, Barclays and Hambros. Astley and Barnes, the UK money brokers, are also sounding out clients.

In a typical deal Bank A, needing three month money six months from now, finds Bank B through a broker, which is willing to be a counterparty. The two banks sign a standard contract under which Bank B compensates Bank A for the difference between three month Libor (London interbank offered rate) on that day and the day six months hence when the contract matures if rates have gone up in the meantime.

The resulting profit for Bank A

offsets its higher cost of funds. If rates have gone down, Bank A compensates Bank B for the difference. This profit makes up for the lower yield it will now get on its deposit.

The deposit itself does not change hands, so the banks are never exposed for the capital amount, only for the difference in interest rates.

That may sound complicated, but FRAs are quite simple compared to financial futures, for which they are an alternative. They have some advantages: there are no margin calls, and anyone who deals in them is not tied to the standard sizes and delivery dates of financial futures contracts.

On the other hand, a bank which enters into a deal cannot get out if rates goes against it, it can only enter into a reverse contract. As yet, the market is small and comparatively liquid, though that could change as more banks get involved. The prices quoted are based on the cash market rather than the futures market.

As well as being a hedging device, FRAs can be used by banks to obtain effectively longer term money in a difficult market. A bank which cannot obtain six month money can take three month money and tack a three month FRA on to the end.

Some banks have been wary of entering into FRAs because of possible legal complications - a deal which cannot be interpreted as a wager on interest rates. According to Mr Daniel Gandolfo, head of treasury at BNP London, banks in the market insist that a genuine commercial transaction must underlie each FRA because of this.

Mr Haig-Thomas of Tradition says: "We believe the legal position is quite clear. Our contracts would be enforceable in a UK court."

INTERNATIONAL BONDS

U.S. tax move unsettles trading

BY MAGGIE URRY IN LONDON

WITH the lifting of withholding tax almost certain since the previous Friday night, the Eurodollar bond market spent a "mixed and crazy week," as one trader described it.

The tax change, which some expect to cause a shift in business from London to New York, cannot be solely blamed for the one-point fall in bond prices over the week.

The New York bond market also gave them a push. But it did keep retail investors well out of the market and meant an almost total lack of fixed-rate Eurodollar bond issues. By last Friday the market was "as dead as my old goat" leaving dealers little to do but think up colourful phrases.

Worst sufferers were the U.S. corporate issues; bonds of other borrowers held up better. The worry is that anyone who wants to buy U.S. companies' debt will soon be able to buy U.S. domestic issues tax-free - and yields on those are higher.

Meanwhile, no U.S. issuers want to risk a Eurodollar deal - especially as there could be all sorts of legal problems - until the new rules are settled. There are rumours of many issues being postponed.

The solitary fixed-rate issue in

the dollar sector came from Statoil, the Norwegian state oil company. Without its first class name - the Norwegian government backs the bond - even that issue may not have appeared. It was fairly well received though, and by the end of the week, it was trading at a discount inside its total 1 1/2 per cent fees.

The floating rate note issue market was a little healthier, with Morgan Guaranty repeating its winning formula of an undated "flip flop" floater, first done for the Kingdom of Sweden, and now taken up by Belgium. The terms are almost exactly the same, with a conversion option into a four-year note (with a lower yield) and back again at annual dates.

The main difference is that the first conversion date is not until August 1988. So a buyer now, planning to switch on the first date, would hold paper with a six-year life. One of the attractions of the Swedish deal was that it could be regarded as five-year paper - a one-year wait to conversion plus a four-year note - and therefore held by such as central banks, which are limited to that maturity.

BHF Bank bond average

Table with columns: June 29, Previous, High, 1984, Low

The \$300m Belgian deal was not the runaway success Sweden's had been - that was raised from \$500m to \$750m in hours - but then Belgian paper does not have quite the cachet Swedish paper does. Nevertheless, it traded within its total fees of 0.45 per cent. The Sweden issue is changing hands rather closer to par.

One U.S. corporation - Sperry - did launch a deal, but in the D-Mark sector. The DM 150m issue went well, as did McDonald's DM 100m deal the week before. Sperry is paying a little more - 8 per cent compared with McDonald's 7 1/2 per cent - for the same 10-year money, probably a reflection of their respective credit ratings.

Otherwise the D-Mark market had a quiet week, still depressed by the strong dollar, but brimming off the Bundesbank's 1/2 percentage point increase in the discount rate

Argentine creditors press for IMF deal

BY PETER MONTAGNON IN LONDON

ARGENTINA and its commercial bank creditors went right to the brink again last week, leaving it until late on Friday night to announce an agreement whereby Argentina will bring interest arrears on its public sector foreign debt current through April 2.

Under the agreement Argentina has made \$250m of its own reserves available to meet overdue interest payments. The balance of \$125m is to be met by an advance from the 11 banks on the Argentine advisory committee which is chaired by Citibank.

This advance has a 45-day maturity but its life can be extended until October 1 if Argentina reaches an agreement with the International Monetary Fund. A previous \$100m advance by these same banks has already been extended to October 1. Meanwhile all creditor banks are asked to defer till September 15 the repayment date of a \$750m loan instalment that fell due on June 15.

Beginning on July 31 when Argentina has to repay \$300m lent by the governments of Mexico, Brazil, Venezuela and Colombia in March, the government of President Raul

Alfonsín thus now faces a regular string of pressure throughout the next quarter. This is a strong signal from its creditors that it will not be left off the debt book until it reaches an IMF agreement.

Even last Friday's agreement makes an explicit linkage to progress in talks with the IMF - something that Argentina's Economy Minister Sr Bernardo Grinspun fought against right up to the last minute. While some bankers believe that Argentina now understands that it has to negotiate seriously with the IMF, it became clear at the weekend that Sr Grinspun had overstated the progress made in Washington talks last week.

A statement from Citibank on Friday night said that these talks with the IMF had been cordial and frank and had made progress "in defining the issues on which the Argentine authorities need to work." This wording is understood to have been cleared with Mr Jacques de Larosiere, IMF managing director, personally. Mr de Larosiere is anxious to avoid creating the impression that any of these issues have yet actually been resolved.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead Manager, Offer yield

* Not yet priced. † Final terms. ** Placement. ‡ Convertible. † Floating rate note; coupon is spread over six-month Libor. (b) Spread over 3-month Libor. Note: Yield are calculated on AIBD basis.

European Economic Community ECU 50,000,000 11 1/4 per cent Bonds due 1991. Swiss Bank Corporation International Limited, Credit Suisse First Boston Limited, Union Bank of Switzerland (Securities) Limited, Amro International Limited, Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Deutsche Bank Aktiengesellschaft, Istituto Bancario San Paolo di Torino, Kreditbank International Group, Société Générale de Banque S.A.

NEW ISSUE. These Notes having been sold, this announcement appears as a matter of record only. U.S. \$100,000,000. Toyo Trust Asia Limited (Incorporated with limited liability in Hong Kong). Guaranteed Floating Rate Notes Due 1999. The Toyo Trust and Banking Company, Limited (Incorporated with limited liability in Japan). Guaranteed as to payment of principal and interest by.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Wall Street resigns itself to renewed yield weakness

WALL STREET now seems resigned to the prospects of higher bond yields in the days ahead. The first steps could well come this week, when the two Treasury auctions straddle awkwardly across Thursday's July 4 holiday.

The longer dated issues for sale this week. In the when-issued market, the seven-year notes were commanding a 13.96 per cent yield, and the 20-year bonds 13.76 per cent.

Pressures will return

The outcome of last week's auction may also indicate the market's view of the outlook for rates. Under a market rule of thumb the yield on two-year notes on the day of the four-year note auction, discounted a federal funds rate of 11 1/2 per cent.

The funds rate eased last week but the fall largely reflected the lifting of the end-of-quarter pressures. But on past experience, these pressures will just as quickly return early this month.

Similarly, last week's fall of \$3.1bn in M-1 money supply to just inside the target range of the Federal Reserve, is likely to be a temporary phenomenon, with M-1 rising again this week since economic data continues to validate the "fast" prediction of 5.7 per cent growth in GNP for the second quarter of 1984.

The latest accord on Argentina's debt payments will clearly provide the Federal Reserve with a little more leeway to tighten credit—perhaps to target Fed funds at 11 1/2 per cent as the market fears.

A further and substantial pressure on the credit markets came from last week's \$2.2bn rush of new loans in the municipal markets, aimed to benefit from the withholding tax legislation before Congress. "Just the tip of the iceberg," commented one municipal expert. All things considered, the next few weeks could prove very eventful.

Terry Byland

U.S. INTEREST RATES (%) table with columns for Week, June 29, and June 23.

in the market, was accompanied by some slight slackening in short-term rates—notably in the Federal Funds. But renewed upward pressure on rates and on money supply are expected to assert themselves, perhaps before the meeting of the Federal Reserve Open Market Committee, now put back until July 16-17.

In the Background, nervousness over the possibility of a rise in the Federal Reserve's discount rate persists, especially since last May's strong rise in similar rates in Europe. In the meantime, the market's major bullish factor, the reveal of the 30 per cent withholding tax on foreign investment, has yet to make any significant impact in New York.

No change of heart

The relative success of last week's auction of \$6bn in four-year Treasury notes was no indication of a change of heart. There was a good response at the auction, but the yield was the highest in two years and 162 basis points above the rates at the last auction of similar securities. And there is little chance of a similar demand for

AEG holds turnover and expects to stay in profit

By Jonathan Carr in Frankfurt

AEG-TELEFUNKEN, the West German electrical concern, is heading for its second profitable year in a row with turnover likely to be at about the 1983 level of DM 11.5bn (\$4.1bn) according to Herr Heinz Durr, the chief executive.

But Herr Durr also warned shareholders that they should expect no early resumption of dividend payments, as it was essential to plough back earnings and strengthen the company.

In the first five months of this year order intake at DM 4.2bn and turnover at DM 4.2bn had—as expected—been at about the same level as in January-May, 1983. The company was continuing its battle to cut costs and the total number of employees at end-May was down to 4,400, 2,200 fewer than at the end of last year.

AEG-Telefunken produced a worldwide group net profit of DM 57m in 1983 after an operating loss of DM 632m in 1982.

It also cut its financial liabilities by DM 700m to DM 1.8bn.

Herr Durr again made clear the company would meet the terms of its debt settlement on September 18, as scheduled. That means it will repay about DM 350m to companies and that the DM 1.05bn it owes banks will be turned into a medium-term credit line.

Swedish business satellite plan

By David Brown in Stockholm

EUROPEAN Business Satellite (EBS), a market satellite communications services to business users in Europe in direct competition with Scandinavian public telecommunications networks.

EBS, which is backed by four Swedish venture capital groups, has made operating applications, is forming subsidiaries, and will try to market services initially in Sweden, Norway, and the UK.

Channels are to be leased or sold among other things for corporate data networks, video conferencing, radio and cable TV transmission, said Mr Leif Lundquist, the managing director.

The group has yet to receive licences or sell space required to make the \$200m investment to launch two 14-channel satellite links into geo-stationary orbit, starting in 1985.

The governments of Sweden, Norway and Finland agreed last year to proceed with Tele-X, a SKR 1.3bn (\$188m) satellite system. A first experimental craft is booked for launch in late 1986.

An operational system should be on line by 1988 under the joint control of the national telecommunications administrations. The competitive EBS system is dependent on channel allocation.

KemaNobel, the leading Swedish chemicals group, reports a 26 per cent rise in pre-tax profits after net financial items SKR 220m for the first four months of 1984.

Sales rose 19 per cent to SKR 1.95bn. New acquisitions accounted for 8 per cent of the sales rise and 5 per cent of the earnings growth.

HK hotels chain lines up big bank credit

By David Dodwell in Hong Kong

REGAL HOTELS, the deeply indebted hotels and property group acquired in March by Mr Bill Wylie's Asia Securities, has taken up a HK\$760m credit line from the Hongkong and Shanghai Banking Corporation.

Mr Wylie, who has acquired a reputation as a "company doctor" in Hong Kong after returning Hutchinson Whampoa, the Hong Kong trading company, and BSR, the UK electronics group, to profits, said after the Regal Hotels' annual meeting yesterday that the term loan was being used to refurbish the Regal Meridian Hotel and to reduce debt.

In March this year, the previous owners of Regal had sold the Regal Meridian, the group's main asset, in a controversial move to alleviate cash flow problems. Mr Wylie's first move on acquiring the group was to re-purchase the hotel. He has since reported that the group's total losses in 1983 amounted to HK\$1.85bn. Debts are currently estimated at about HK\$800m.

Mr Wylie yesterday replaced auditors Kwan Wong Tsz and Fong with Ernst and Whinney as the company's accountants. He said that 10 per cent of the group's surplus properties had been sold.

Japanese loan group runs out of cash

By Robert Cottrell in Tokyo

YATAGAI CREDIT, a large Japanese personal-loan company, sought court protection from its creditors over the weekend after proving unable to pay a ¥1.9bn (\$80m) due bill. Yatagai's total debts are estimated at ¥2.7bn.

The court provisionally agreed to protect Yatagai's assets from claims by individual creditors on the basis of a proposal from Yatagai that it would repay its debts over a six-year period starting 1985.

Yatagai's financial difficulties became known last month when it failed to meet a ¥400m obligation. Debts are currently scheduled payments falling due to some creditors over the last three weeks, but decided on Saturday to seek court protection as an alternative to possible liquidation.

The court is now expected to appoint a "rehabilitation committee" which will decide on the feasibility of a financial reconstruction. For the plan to be implemented, it will require the approval both of the court-appointed committee and at least three-quarters of its creditors.

Yatagai is Japan's fifth-largest "sarakin", a type of credit institution which specialises in high-interest loans to white-collar workers. Some of its most notorious for aggressive debt-collection methods and usurious interest charges. Among the major sources of Sarakin funds are Tokyo's foreign banks, which are estimated to have some ¥250bn currently outstanding in loans to sarakin companies.

Liechtenstein bank in Germany

By our Frankfurt Staff

BANK in Liechtenstein (Vaduz) is setting up a subsidiary in Frankfurt—its first move into West Germany—as part of its continuing strategy to expand abroad.

The management of the Bank in Liechtenstein (Frankfurt) will include Herr Ulrich Fehring (formerly with Warburg-Brückmann, Wirtz), Alois Konstantin Erbprinz zu Löwenstein (formerly Merck, Finck) and three former directors of Schröder, Münchmeyer, Hengst.

New chief at Philip Morris

Philip Morris Inc. has elected Mr Hamish Maxwell to succeed Mr George Weissman as chairman and chief executive officer.

Mr Maxwell has been president and chief operating officer of Philip Morris Inc. since December 1, 1983. Prior to that he was president of Philip Morris International and has been a director of Philip Morris Inc. since 1974. Mr Weissman will become chairman of the executive committee on August 1, upon reaching the age of 65. Mr Weissman was elected chairman of the executive committee in April and continues in that post.

panies and the tobacco technology group reporting to him. Mr Murphy, a director of the corporation since 1971, is group executive vice president with the Miller Brewing Company, the Seven-Up and the Mission Viejo Realty Group reporting to him.

Mr Rolf-Ernest Breuer has been elected chairman of EURO-CLEAR CLEARANCE SYSTEM. Formerly vice chairman, Dr Breuer is a senior vice president of Deutsche Bank and head of the investment and trading department at the bank's central office in Frankfurt. He succeeds Mr Ian Steers, vice chairman of Wood Gundy, London, who has been chairman of Euro-clear for the past four years. Mr Hans-Peter Sorg, Mr Stefane Colonna

INTERNATIONAL APPOINTMENTS



Dr Rolf-Ernest Breuer, chairman of Euro-clear System

Mr Gerard Loran; Mr Band, senior vice president and group executive at Morgan Guaranty Trust Company of New York, succeeds Mr Frank E. Reed. Mr Mare Bayot of Société Générale de Banque, Brussels, Mr Stefano Zurich, replaces Mr Helms Paris and Mr Hansgeorg E. Hofmann of Merrill Lynch International and Co, London, have been appointed members of the general committee of Euro-clear Clearance System.

Mr R. Anthony Riker has become a member of the New York-based law firm KROLL, POMERANTZ & CAMERON. Mr Riker was formerly assistant general counsel and vice-president at Montgomery Ward Insurance Company and the Forum Insurance Company.

representative at its New York office. Mr Martin Taylor, previously an assistant manager, business development with Williams & Glyn's, has been appointed representative of The Royal Bank of Canada, Los Angeles representative office.

Mr Peter M. McRobbie has been appointed accounts executive and vice president of NATIONAL WESTMINSTER BANK's New York marketing office. He was regional sales manager in the finance section, international banking division, in London.

president heading the bank's national division. Mr Ryland returns to American Security after several years at Riggs National Bank where he was executive vice president and chairman of the credit committee. Mr Ritenour has been with American Security for 34 years. He was senior vice president in charge of the correspondent banks and government services department within the national division.

DAIWAWA COMPANY, a Japanese textile manufacturer, announces that the president, Mr Katsumi Moriyama, will become chairman and Mr Satake Arinobe, managing director, president at a board meeting to be held July 19.

Mr Stephen B. Strass has joined PRUDENTIAL BACHE TRADE CORP in London as senior vice president—Europe. He was vice president—treasurer of Sears World Trade Inc in Washington DC.

Electricity Supply Commission, South Africa Highlights from the Chairman's Review and Financial Statements for the year ended 31 December 1983

In company with many of South Africa's other public and private sector businesses, Escom's management was most notably changed in 1983 by the serious drought and by the economy that has been characterised as being in one of the most difficult phases since the Great Depression. The drought itself added some R100 million to Escom's costs for the year. The year ahead promises to be another difficult one for the country as a whole, and, almost certainly, an even more difficult one for Escom.

Although Escom registered its lowest growth rate in electricity sales for 36 years—of 2.2% for the year, the increase in sales volume was fractionally below the 2.4% achieved in 1982—Escom continued to outperform the real growth in GDP by a substantial margin.

Escom continues to encourage local manufacture of power supply and other equipment. This encouragement has been effective and today a wide range of components for the electricity supply industry is being made in South Africa. From Escom's point of view, however, the South African financial market has not kept pace with this development as it is not generally able to provide the volume of finance Escom requires to make full use of local manufacturing potential. Escom requires relatively long drawdown periods, fixed interest rates, long-term repayment periods, and a total effective cost which is not prohibitively high. A financial package such as this is difficult to obtain on the local market.

Imported capital goods, on the other hand, were more expensive than expected by the weakness of the rand against the dollar throughout the year and, towards the end of the year, by the weakening of the rand against major European currencies. In addition, wide differentials in interest rates between the United States and European countries led to extraordinarily high forward cover premiums to cover the exchange risk on the currencies of major European countries. This has meant that loans and credits from European countries have become expensive in terms of their total effective cost.

Escom's demand for external borrowing during 1984 will be large. It is encouraging to note the continued improvement in the standing of South African borrowers on foreign markets. Recent successes on the Eurobond capital market by South African borrowers have confirmed their improved rating, which has resulted in better rates and more favourable loan conditions.

While the very low growth in electricity demand experienced in 1982 and 1983 will not necessarily continue in the future, Escom revised its load forecast downwards by about 0.5% to a growth rate of about 7% a year from 1983 to 1995. This revised load forecast indicates a reduction in the required generation capacity of some 5 000 MW by 1995 compared to previous forecasts, thus reducing Escom's capital requirements by about R3 800 million in current values over this period.

Jon H Smith CHAIRMAN May 1984

BALANCE SHEET table with columns for 1983, 1980, and 1982.

INCOME STATEMENT table with columns for 1983, 1980, and 1982.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS table with columns for 1983, 1980, and 1982.

Copies of Escom's full annual report and financial statements are obtainable on request from the Public Relations Officer, ESCOM, P.O. Box 1061, 2000 Johannesburg, South Africa.

U.S. DOLLAR STRAIGHTS table with columns for Issued, Bid, Offer, Change on day, and Yield.

DEUTSCHE MARK STRAIGHTS table with columns for Issued, Bid, Offer, Change on day, and Yield.

OTHER STRAIGHTS table with columns for Issued, Bid, Offer, Change on day, and Yield.

CONVERTIBLE table with columns for Conv. Cnt., Bid, Offer, and Yield.

EUROBOND TURNOVER

Table showing Eurobond turnover in nominal value in \$m, with columns for Cedel and Euro-clear.

* No information available—previous day's price.

† Only one market maker supplied a price.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon above is minimum. Cide—Date next coupon becomes effective. Spread—Margin above six-month offered rate (three-month; U.S. dollar; Cypm—The current coupon. Cylid—The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.—First Change on day. Conv.—First date for conversion. State—Conv. price—Nominal amount of bond per share expressed in currency of share at conversion rate in dollars. Cnt—Centage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Societe Commerciale Bank NV; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Wladimir L. Langbank Ltd; Girozentrale; Banque Generale Internationale; Luxembourg; KfA d e t b a n k Luxembourg; Algemeen Bank Nederland NV; Pierson, Holding and Pierson; Credit Suisse/Swiss Credit Bank; Citicorp Bank of Switzerland; Akroyd and Saffers; Bank of Tokyo International; Blyth, Eastman, Pain, Webber International; Chase Manhattan; Citicorp; Citicorp; Citicorp; Credit Commercial de France (Securities) London; Daiwa Europe NV; ESB; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Sammel Montagu and Co.; Scandinavian Bank; Societe Generale Straus Turbault; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on June 29

FINANCIAL TIMES SURVEY

Monday July 2 1984

IRELAND

Signs of returning confidence at last

THE AIR of crisis which pervaded the Irish Republic's politics and economy between 1980-83 has largely abated but it is too soon to say that confidence has been fully restored. Business, in particular, is not so optimistic about the long-term prospects for the country as it was in the 1970s.

Things do look more certain on the political side. Mr Charles Haughey, the Opposition leader—a man who does not like to give up—conceded recently that the present Coalition of Dr Garret Fitzgerald's Fine Gael Party and Mr Dick Spring's Labour Party would probably last a full term. For this, Mr Haughey blames Labour, claiming innocently that he never believed Labour would sell out so completely to Fine Gael conservatism.

Others, in Fine Gael and elsewhere, are inclined to wish Labour had sold out a bit more. Mr Spring and his minority colleagues have sharply influenced Government policies, particularly on the economy where they have held out against the severe cuts in public spending advocated by many Fine Gael ministers and most economists.

Most of the improvements in the economic figures have been achieved by sharp tax increases. Where the Government axe has fallen, it has tended to lop off capital programmes, rather than current expenditure.

In fairness, it must be said that to cut Government programmes, and lay off workers in the face of 17 per cent unemployment and severely reduced living standards, would require political courage verging on the suicidal.

A fairer test of the Government's will come soon, with its attempts to secure a public sector wage freeze. Success—which should not include the old trick of deferring payment to next year—would be a considerable boost to attempts to reduce Irish inflation, and Irish expectations, to European levels.

Political and economic constraints mean that the Irish have been looking largely to the outside world for relief. The improvement in the U.S. economy has already been reflected in a return to economic growth in Ireland and increased interest from potential U.S. investors.

By
Brendan Keenan
IN DUBLIN

Fianna Fail on the Northern Ireland question, and the public disagreement between Dr Fitzgerald and Mr Haughey may even have accentuated it. Public reaction, however, did suggest a willingness to try new approaches and Dr Fitzgerald is determined to get political dialogue going with a more open agenda than has been possible in the past.

The new attitudes may also have been reflected in the tougher line by the Irish courts on the extradition of terrorist suspects to Northern Ireland, something which would not have been politically possible ten years ago.

These new approaches, while welcome in Belfast and London, pose dangers which are less easily appreciated. The killing of two members of the Irish security forces in a gunbattle with IRA men last Christmas makes the point that a terrorist "on the run" can be more dangerous, North or South, than one who can find sanctuary.

Complex

The other danger is that opinion in the Republic is diverging from that of Catholics in Northern Ireland, who appear to be becoming more alienated and extreme. Such a development could make the Irish problem even more hideously complex.

Anglo-Irish relations remain a puzzle. Officially, they are much improved, but the two governments remain adept at stepping on any banana skin which might fall in their paths. Irish clumsiness over the Falkland dispute, was mirrored this year by the decisions of both the Duke of Edinburgh and Mrs Thatcher to visit the one Army barracks in Northern Ireland which Dublin wished them to avoid.

Inevitable differences over the EEC's Common Agricultural Policy (CAP) were marked by undiplomatic exchanges. Finally, came the revelation that officers of the Royal Ulster Constabulary crossed the border last year on surveillance duties. The British Ambassador in Dublin, Mr Alan Goodison, has had plenty of practice in smoothing ruffled Irish feathers and may well have prevented

bad situations becoming a good deal worse.

The EEC budget negotiations, notwithstanding Dr Fitzgerald's success in achieving Irish exemptions from milk production cuts, probably mark the end of a decade when Ireland could count on increasing transfers from the community. Tighter controls on agricultural spending, and the entry of Spain and Portugal, may combine to reduce the share of EEC funds which Ireland receives.

Security

Problems could also arise with growing European moves towards co-operation on defence and security matters. These may impinge on Irish neutrality and force the Irish to decide just how neutral they are.

Irish neutrality is pragmatic, rather than political, but, in an age of proliferating nuclear weapons, the resistance of the average citizen to military entanglements should not be underestimated.

There has been a regular crop of domestic peccadilloes to divert attention from more serious problems. Recent furies range from the question of who hugged the Dublin residence of Northern Ireland politician, Mr Seamus Mallon ... to such issues as the alleged involvement of a Government Minister in the opening of a family planning clinic.

Many of the aspects of Irish affairs—such as last year's referendum on abortion—reflect a country caught uneasily between modern life and traditional values.

Other issues, more seriously, reflect a lack of confidence in the police and judicial systems. Reform here is more difficult because the ever-present threat of political violence makes Ministers reluctant to relinquish control of the system.

This does not remove the pressing need for thorough reform of the public service and nationalised industries, and the need for long-term planning of the country's role. Many hope that, even if the Coalition has stalemated itself on short-term economic policy, it can begin to chart a longer-term course for the future.



DIVERSITY IN INDUSTRY

... from computers to dairy products. Examples above give an indication of the growing range of Ireland's manufacturing sectors.

● Top (left): production of electrical equipment at the ACEC plant at Waterford. The manufacturer's parent company is based in Belgium.

● Integrated circuits at designed and manufactured at Analog Devices (top, right) at Limerick. The facility was established by Analog Devices of Massachusetts, U.S., in 1978. The

company, a leader in its field, has forged links with local university research departments.

● Dairy products (lower left) being despatched at Avonmore Creameries in Kilkenny. Avonmore handles the largest volume of milk in Ireland and has also diversified into meat products and provender milling.

● At Micro Bio (lower right), chemicals are manufactured for sterilising dairy equipment. The company began production at Cork in 1976.

Coalition makes modest advances

SO intractable had the problems of the Irish economy become in the first two years of this decade that Garret Fitzgerald frequently joked that whoever won any of the quick succession of general elections ought to have the reward of forcing the losers to form the incoming administration.

Eighteen months of relative political stability, accompanied by modest improvements in some critical areas of the economy, have changed Mr Fitzgerald's mind. The Coalition Government of the Fine Gael and Labour parties, which he leads, shows no desire to let slip the levers of power.

The three years which followed the elevation of Mr Charles Haughey to leadership of the country's largest political party, Fianna Fail, and the premiership had been marked by extraordinary political venom, most of it directed at Mr Haughey.

Mr Fitzgerald had begun the process with a withering Dail attack on the new leader, questioning his fitness for high office and hinting at deeds so disturbing that they could not be referred to even under the protection of parliamentary privilege.

Opposition to Mr Haughey's very personal style of politics was the cement which helped construct the Coalition Government and is what, in large part, helps keep it together.

When ideological or economic policy differences arise they are swept aside for a new onslaught on the "irresponsible" leader of the Opposition.

Labour Party ministers, with little of real cheer to offer their supporters, can still draw applause through rolling back the pages of recent history to accuse Mr Haughey of "cooking the books."

It is as well that the government has something to fall back on. They have worked hard but to limited effect. Each party has concentrated on preventing what is seen as the ideological excesses of the other. The result has been government by consensus—sufficient is done only to keep the electorate docile and the government in office. So far it has met with the approval of an election-weary populace.

It is only the most recent opinion polls which have shown the opposition moving ahead. Memories of three elections in two years and the scandals of

Political scene

GERALD BARRY

the Fianna Fail administration gave the government a long honeymoon period.

There is still unease in his party about Mr Haughey's ability to win an overall majority, but from now on the government will have to rely on its own record.

The real threat to the long-term survival of the present government may be rank and file discontent in the Labour Party.

Differences

Already one Labour minister, Frank Chuskey, has resigned from the Cabinet citing ideological differences over energy policy. His departure has provided the left wing of the party with an issue around which it might rally and unnerve the rest of the cabinet sufficiently to ensure that government spending cuts, advocated by the Fine Gael Finance Minister, Alan Dukes, were hastily abandoned and a neutral budget introduced last January.

Labour is further threatened by the emergence of the still small, but professionally organised, Workers Party. Ironically, Labour is a largely rural based party and what is left of its urban presence is being eroded by the dynamism of the Workers Party; it is an avowedly Marxist party which espouses the principles of democratic centralism and tells working class voters they are

CONTINUED ON
NEXT PAGE

Ireland's Coalition Government will soon face a tough test as it attempts to secure a public sector wage freeze. Success would be a considerable boost in attempts to reduce inflation to European levels

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IRELAND 2

GROWTH IN GNP 1982 TO 1984
(% change in volume)

	1982	1983	1984†
Consumer spending	-5.2	-3.3	2.0
Government consumption	3.3	0.0	-1.0
Investment spending	-8.4	-9.0	0.0
Exports at 1982 prices	4.8	9.5	8.5
Imports	-4.4	2.8	6.1
Gross national product	-1.4	0.0	1.9
Deficit in current account	£1,041 ml	£400 ml	£370 ml
Increase in consumer prices	17.1%	10.4%	8.5%

† Forecast.
Source: Coopers and Lybrand Associates.

Recovery comes just in time

THE "Black Hole" has been the dominant topic of economic discussion in Ireland in the past month or two. That is what the Opposition likes to call the revision of the current balance of payments deficit, which was increased by £500m, with a similar reduction on the estimates for capital outflows, after a statistical investigation.

Much nonsense was talked in the process but it illustrated two important points. Firstly, statistics on the Irish economy still leave a lot to be desired and, secondly, the importance of foreign-owned industry to the economy may, if anything, have been understated.

Most of the change was due to increased estimates of the profits of these firms—now calculated at £1,200m last year—and to the amounts they re-patriated.

Naturally, there was much grumbling from the Opposition and trade unions about the outflow. But little of the profit was generated in Ireland in the first place and it is foreign industry which has led the way in the recovery which is now undoubtedly taking place in the economy.

Gross domestic product (GDP) should increase by over 3 per cent this year, although heavy repayments on foreign borrowing (£1700m), will reduce the rise in GNP to perhaps 2.5 per cent.

Consumption should increase by 3 per cent, due to a small rise in personal disposable income and a reduction in the present high level of personal savings.

The recovery comes just in time for the hard-pressed Irish citizen. Living standards have fallen 18 per cent in the past three years. The Government's attempts to close its budgetary deficits mean marginal tax rates of over 40 per cent for a married worker on average earnings. (Irish bachelors need to be of the confirmed sort:

Economic trends

BRENDAN KEENAN

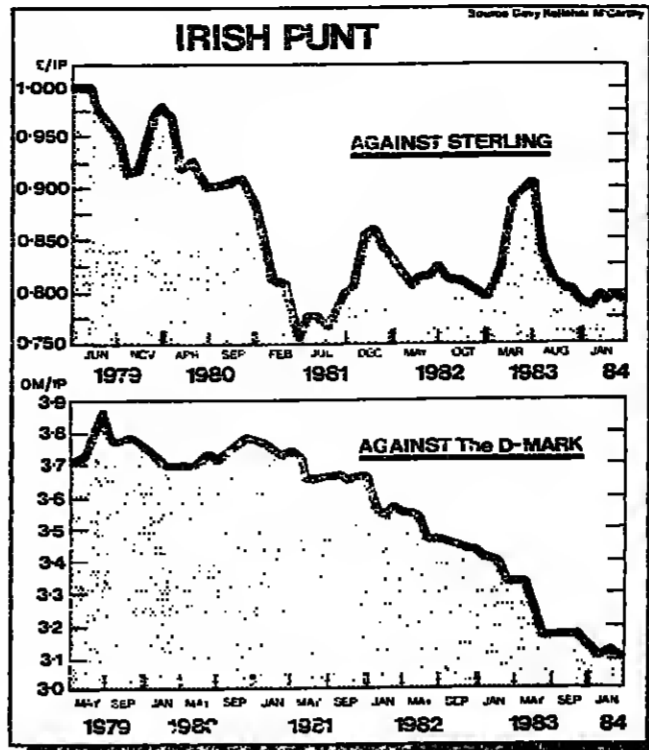
single people have marginal taxes of over 60 per cent on average earnings.)

Unemployment is 17 per cent and, although the rate of increase has slowed dramatically the growing labour force and sharp increases in productivity mean there is little prospect of a fall in the levels.

The Government points to the improvement as proof that its policies are working, while acknowledging that much is due to the international recovery. Even the revision of the balance of payments deficit does not change the rate of improvement. The deficit has fallen from 15 per cent of GNP three years ago to 6.5 per cent last year.

Inflation has fallen rapidly and should be below 9 per cent this year. It has also improved relative to European rates, being 2.5 per cent above the European average, compared 8 per cent in 1982.

The Government hopes to bring it down to 5 per cent next year, but this will depend on how much success they have



in persuading public sector workers and those in industries servicing the home market to accept little or no pay increases this year.

The new industries which Ireland attracted under its generous tax and grants incentives have served the country well during the recession. They were largely responsible for the remarkable export achievement. Exports rose 12 per cent by volume last year and are expected to perform almost as well this year. Total manufacturing output should rise 7 per cent for the second year running.

Foreign borrowing, which caught most of the limelight when the extent of the economic difficulties became apparent, has also been sharply reduced. It was just under £800m last year, equivalent to 6 per cent of GNP and may fall to £600m this year, but total repayments will total £700m—a substantial drain.

The Government can point to all these factors as evidence that the economy is at least under control and responding to Government measures. Economists are not so sure, however, that Mr Alan Dukes, Finance Minister, has tackled the real imbalances in the economy and many expressed disappointment with last January's budget.

It was felt that, with over a year in office, the Government should have been able to do more to reduce Ireland's high level of public spending.

Dr Brendan Menton, consultant economist to Allied Irish Banks, echoes the view of many of his colleagues when he says that much of the structural adjustment was at the expense of the real economy. Despite the sharp rises in taxation, Government spending reached 49 per cent of GNP last year and will fall very little in 1984.

The sharp rises in taxation are themselves causing distortions, with an estimated £250m spent across the border in Northern Ireland last year.



Dr Garret FitzGerald, who leads the Coalition Government of the Fine Gael and Labour parties, claims that improvements are proof that Government policies are working.

time convincing its supporters and trade union backers of the wisdom of current policies. The sight of the Government actually cutting jobs among its own employees might be too much and Labour has dug in its heels.

Mr Dukes also knows that the Irish economy has confounded forecasters before with the speed of recovery and would prefer, if he could, to hold Government spending steady while economic growth reduces it as a percentage of GNP.

One area which continues to receive surprisingly little public attention is exchange rate policy. There is an inherent anomaly in the fact that the Irish punt is linked to the currencies of the European Monetary System (EMS), in which less than 20 per cent of its trade is conducted, and effectively floats against sterling and the dollar, which account for 80 per cent of international transactions.

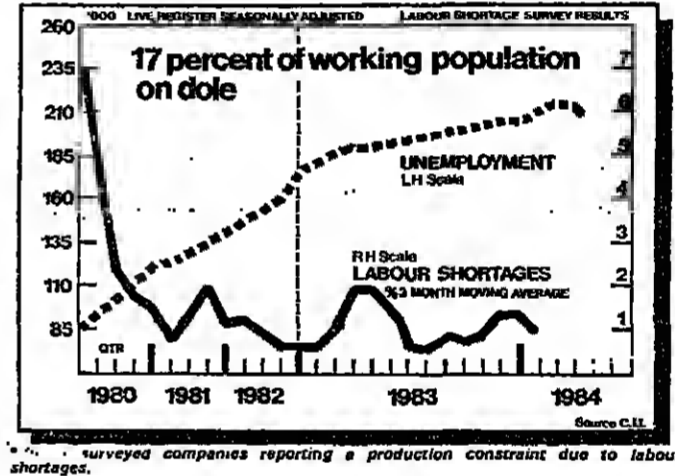
There is a political commitment to EMS but many believe that, in any future realignments, the sterling rate will loom at least as large in Irish calculations as the EMS.

A sustained fall in sterling against the major European currencies would present the Irish with a difficult dilemma.

Targets

The Opposition, under Mr Charles Haughey, has highlighted the failure of the Government to meet its own targets, while being careful not to say where it would make the necessary cuts. But the Government is in no mood for hasty action, for good political reasons and rather less convincing economic ones.

The Labour Party, which is the junior partner in the ruling Coalition, has not had an easy



Surveyed companies reporting a production constraint due to labour shortages.

Coalition's modest advances

CONTINUED FROM PREVIOUS PAGE

being made to pay for the economic recession.

With 17 per cent of the working population from the dole queues there has, so far, been surprisingly little social disquiet. There seems to be an almost fatalistic acceptance of the price that has to be paid for the spendthrift years.

Under pressure from Labour Party ministers the overall direction of government economic policy still favours high state expenditure and, in consequence, high rates of taxation.

Middle income earners—from whom the major party in Government, Fine Gael, draws its most substantial support—are expected to tolerate very high levels of direct taxation. They cast envious eyes at their British counterparts. A married couple earning £120,000 would pay £124,000 more in income tax than would a similar British couple. A single person earning £12,000 has a marginal tax rate of about 70 per cent.

Policies

As part of a policy of avoiding issues which could lead to a serious rift between the parties in government, two weightsy jobs among its own employees might be too much and Labour has dug in its heels.

Success will have to be sought in other fields. Agreement with the British government about fundamental changes in its Northern Ireland policy is one such hope. It could help rescue Dr FitzGerald from the collapse of his promised "constitutional crusade" which was to rid the Irish constitution of its more avowedly Roman Catholic elements (such as the ban on divorce) and its more strident claims to sovereignty over Northern Ireland.

Thus far, social policy has been confined to a bill granting increased powers of detention to the police and the establishment of a plethora of committees and commissions to see what other, more fundamental areas of life, might benefit from new policies.

Rather more is expected from reforming coalition governments, especially one led by Garret FitzGerald. To do so he and his colleagues can simply point to the fact that they are still there, there has not had to be an election for 18 months, and the public finances are in better order. It is a small start.

Excitement over offshore oil

Energy projects

BRENDAN KEENAN

THERE HAS been plenty of excitement on the Irish energy scene recently—possibly a little too much. Most of it was generated by Gulf Oil's discovery last summer of an oil flow of 10,000 barrels per day off the south coast.

The find came just as some observers were beginning to despair of Irish offshore prospects. The discovery of the Kinsale Head gas field more than a decade ago by Marathon Oil, at an early stage in Irish exploration, promised great things. Seventy wells later, the prospects had dimmed considerably. Until last year the only significant shows were off the west coast, in heavily-faulted structures and in over 1,900 feet of water.

The ripples from Gulf's find spread far beyond the oil industry. It was in the shallow waters of the Celtic Sea, it was in Jurassic rocks which had generally been considered barren in Irish waters and a one-third stake was held by Atlantic Resources, an Irish company headed by the charismatic Dr Tony O'Reilly, one of Ireland's most colourful and successful businessmen.

The appraisal well which was started last November evoked unprecedented stock market interest. Stories abounded of people raising mortgages, borrowing money and buying "on account" to get in on the boom. Atlantic Resources, which had seen a rights issue flop at 40p, was valued at over £29 per share at the height of the speculation.

In the end the real winner—not for the first time—was Ireland's complex offshore geology. The well found only water and a lot of shale speculators got burnt. The resulting disappointment, however, may have obscured the significance of the Gulf discovery.

The oil which was found was of the highest quality and its discovery means that the Celtic Sea is effectively unexplored because so few wells have been drilled into the Jurassic rocks,

mental as offshore exploration. Agreement was reached last year on the piping of natural gas to Belfast, on terms which are generally regarded as highly favourable to the Republic. The contract should bring the Irish Government £500m over the life of the deal and the built-in price clause should guard against currency fluctuations, while keeping prices in line with general energy prices.

It has not proved so easy to construct a favourable arrangement for the supply of natural gas from Kinsale to customers in the Republic. Terms of a financial deal with the Dublin Gas Company provoked the resignation of a Government Minister, the former Labour party leader Mr Frank Cluskey. Mr Cluskey was incensed that almost £117m in Government

money, guarantees and gas subsidies should be made available to a private company, even though the Government acquired a 25 per cent stake in return. The Government's problem was that, once having decided to supply gas to Dublin, it had to either nationalise the ailing company or equip it financially to undertake the £1,000m conversion and expansion project.

The fear among several experts is that the plan to supply most of Dublin with natural gas is ill-conceived anyway.

They believe im population is simply not large enough to justify extending the network to domestic consumers in the suburbs. Better, it is argued, to confine the gas areas already piped and to large industrial users, they argue.

The argument over whether the terms should be eased became intense as the possibility of early production from the Gulf field loomed. The disappointing result has postponed the need for decision but made the argument more relevant because it is now likely that, at best, Gulf has discovered a marginal field of less than 50m barrels.

The licensing terms could be crucial in deciding the economics of production from such a field. The terms allow the Government flexibility in any individual case but it may prove politically difficult to make the necessary concessions if further wells confirm a marginal discovery.

There has also been lively debate about general energy policy, in areas which, in the end, may prove just as funda-

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New impetus for change in industrial policy Strategy reappraised



Mr Padraic White, managing director of the Industrial Development Authority, aiming to strongly increase the output of industry.

Manufacturing output 1979/83

	Annual change
New technology	+15
Food, drink and tobacco	+2
Traditional	-3

Comparisons of % output

	Total em- Output ployment
Japan	6.5 1.2
Ireland	5.5 1.1
Italy	2.9 0.5
Germany	2.5 0.2
EEC	2.3 0
UK	0.5 -1.0

Exports growth

	Annual growth	% of national output
1961-70	8	30
1971-80	8	42
1981-82	8	50

Ireland's top five exports

	% total exports
1 Computer equipment	14
2 Chemicals	14
3 Meat	8
4 Dairy products	6
5 Electrical machinery	4
Total	46

Exports share

	1979	1982
New technology	25	33
Food	37	28
Traditional	38	34

Changing structure of industry % of output

	1979	1983
New technology	27	40
Food, drink and tobacco	39	31
Traditional	33	29
Total	100	100

Source: Confederation of Irish Industry.

LAST MONTH the Irish parliament debated a motion of no confidence in the Finance Minister, Mr Alan Dukes. Mr Dukes and the government easily survived the vote but there will still be considerable analysis of the revelations which gave rise to the debate.

Revised statistics showed that foreign-owned firms repatriated 15500m more in profits last year than had been thought, and that figures for previous years were also correspondingly higher.

On the one hand, it was a graphic illustration of the success which the Republic has had in attracting foreign companies, and the profitability of those firms under Ireland's benevolent corporate tax regimes. Total profits in 1983 for such companies were estimated at 121,200m.

On the other hand, it also showed the peripheral nature of many such operations. Most of the sales were made abroad—foreign firms account for 80 per cent of manufactured exports—most of the components were bought abroad and now, it seems, most of the profits were sent abroad.

The news is likely to give impetus to the changes which are taking place in Irish industrial policy. The partners in the ruling coalition are wrestling over the emphasis in a proposed White Paper on future strategy, but both share the doubts about the present degree of reliance on foreign firms.

The doubts came to the surface with the publication of a report by U.S. consultants Telesis on Irish development strategy. This was critical of many aspects of policy but concentrated on the lack of effort to create Irish-owned companies capable of competing successfully on world markets.

IDA officials dismiss many of Telesis' conclusions and believe its overall impact was harmful. But IDA is not just good at promoting jobs; it is a remarkably flexible organisation with a proven ability to respond to changes in the economic climate and maintain its position as the pivotal organisation in development strategy.

It has been adjusting rapidly to the latest new thinking. After an internal re-organisation the agency has been adapting its policies towards the development of native industry and improving the links between foreign concerns and the rest of the economy.

A key element in the new approach will be intensive work between IDA and particular local companies to help them draw up development plans to improve their products and investment," says Mr White.

His overall objective is to increase the output of Irish industry rather than counting the number of jobs, as in the past.

The newspaper industry could be one of the first to feel the effects of the tougher policy. So far IDA has refused to give capital grants for the introduction of new technology in the troubled Irish Press group, saying there must be clear economic benefits such as extra export earnings to justify grants.

Mr White is convinced that the impact of new technology means that the link between output and jobs is now tenuous and that the jobs will come in services as the wealth created by higher productivity circulates. That presents particular problems where foreign companies are concerned because, with entitlement to full repatriation of profits, the extra output may have limited benefits for the local economy.

This is the real message of the profit outflow figures. Some of the companies spend little more than their wages bill in Ireland and, in the new high-technology companies, wages are a relatively minor element in total costs. IDA's task is to encourage firms to establish key functions in Ireland and improve linkages with local firms.

At present both are limited. About 10 per cent of foreign companies have formal R and D departments in Ireland—although that is a better figure than those for companies and only one sixth of their requirements for components, and sub-assembly work are sourced in Ireland.

IDA is working hard to improve both situations, although it is an area where progress is slow.

Up to 100 companies will be selected for the "catalyst" technique this year and where a company appears to have potential for expansion IDA will draw up a programme of finance, advice and international contacts to implement the plan.

The sting in the tail for Irish business is that companies which do not appear to have potential or which do not draw up suitable programmes will not receive state assistance. This tougher approach has already been endorsed by Ireland's Prime Minister Dr Garret FitzGerald.

"If IDA does not believe a project will be carried out efficiently then it will not approve grants for capital

investment," says Mr White. His overall objective is to increase the output of Irish industry rather than counting the number of jobs, as in the past.

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Banks chided for 'making too much money' Lively debate on profits

Banking sector

BRENDAN KEENAN

IRISH BANKERS are feeling a little unmoved at present, just as they were restoring profit levels, while still struggling with high bad debt provisions, poor demand and Government levies, along came the Deputy Prime Minister and told them they are making too much money and lacking in social conscience.

There was a European election on at the time, admittedly, but the comments of Mr Dick Spring, leader of the Labour Party—the junior partner in the ruling coalition—reflected the uneasy relationship between the Irish public and the Irish banks.

The banks were particularly aggrieved that, with international attention focused on the problems of many of the world's biggest banks, they should be chided for making too much money.

That is not the way the banks themselves see it. Although they are fortunate in not being exposed to doubtful Latin American or Third World loans, Irish bankers regard the current conditions as difficult and thus requiring all their efforts to maintain respectable results.

There was a marked improvement this year, but from the low point of 1983. The two big Irish-owned banks, Allied Irish Bank and the Bank of Ireland, last month reported increases in pre-tax profits of 24 per cent and 43 per cent respectively, although AIB's figure was 120m higher at 190m.

Ulster Bank, a subsidiary of Nat West, also showed a 25 per cent increase to 21.5m (£26.5m) and Northern, the Midland subsidiary whose business is mainly in Northern Ireland, also seems on the road to recovery from recent traumas, and employees' contributions to the revenue authorities.

So there was little sympathy for Mr Spring's assertion that profits were "too high." In part the problem is that the size of the Irish banks—though small by world standards—dwarfs most other Irish enterprises. The relationship between profits and the size of the capital employed escapes more people than the Labour leader.

able to make only a small reduction to 1542m.

These are disappointing figures, especially since the banks have been exercising tighter monitoring of bad and doubtful debts, with companies being asked to provide more information on their financial position, including sometimes, full business plans. The results of this tighter scrutiny may be one of the reasons why the banks' early optimism about the bad debt situation in 1984 evaporated.

Bankers say the problem of major collapses, or unexpected

More seriously, his words bring cold comfort for any bankers still hoping for an early amelioration of the "temporary" levy, which has now extracted 1275m from the banks since it was introduced three years ago.

The levy reflected another popular belief; that the banks have not been paying enough tax.

An attempt in this year's budget to deal with this problem ended in something of a debacle. The banks reduce their tax charges by lending and leasing to industry, and pass on the benefit—or most of it—in the form of lower interest rates. The Finance Minister, Mr Alan Dukes, proposed to restrict such arrangements. The resulting higher tax charges on the banks might have enabled the levy to be eliminated progressively.

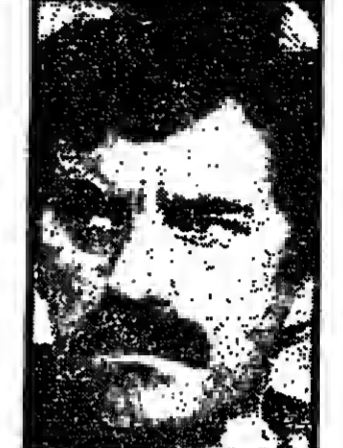
But Mr Dukes appeared to have miscalculated the importance of tax-based lending to many sectors of Irish industry, including the politically powerful dairying co-ops, as well as at least one of Ireland's most successful companies. He dropped the measure in the subsequent Finance Bill.

One final irony is that the banks had disposed of all this year's tax-based lending in the interim and have room for little more for the rest of the year.

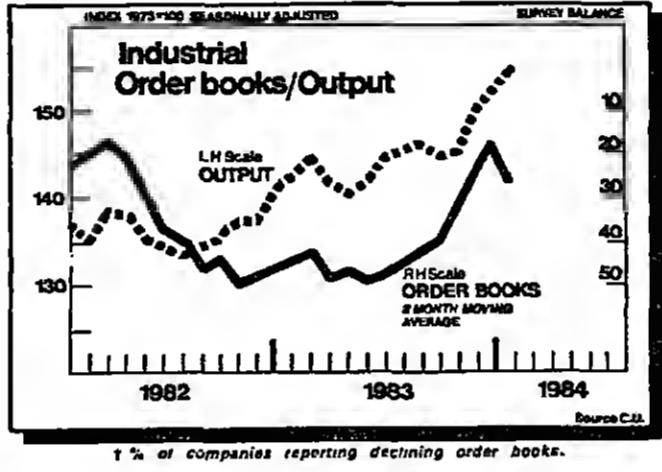
It seems unlikely, therefore, that Irish banks can look forward to an early end to the levy. They must consider now how best to live with it. The view of most bankers is that, if their capital base is not to be eroded, the cost must eventually be borne by the customer.

Things are even tougher in the world of merchant and investment banks. Many believe that Ireland is over-banked in this sector now that the Irish economy has not continued the spectacular growth rates which attracted many foreign banks to Dublin in the 1970s.

Subsidiaries of major Irish banks have had mixed fortunes with Ulster Investment Bank having a satisfactory performance, and Allied Irish Investment Bank seeing a profit fall this year. But the subsidiaries can relate to their parents and offer a wide package of products to an established customer-base leaving the foreign-owned, banks in many cases, to feel the worst of their draught.



Mr Dick Spring, leader of the Labour Party and junior partner in the ruling Coalition: bank profits are too high, he says.



Success in attracting high technology industries from overseas

Output rising steadily

IRISH EMPHASIS on electronics as the main sector for foreign investment seems certain to continue.

The Industrial Development Authority (IDA) is convinced that electronics, pharmaceuticals and health-care products offer the best prospects for growth in manufacturing in the next few years.

There was a marked reduction in the number of new investments last year, but 1984 should prove significantly better. IDA officials are confident that at least three major overseas projects will be captured in the next few months, with the potential for several thousand jobs.

Irish efforts to portray the country as a good base for electronics appear to be succeeding. The Electronics Location File, in its survey taken at the end of last year, found that Ireland had overtaken West Germany and was second only to the UK as the preferred location for U.S. companies considering locating overseas. Fifty of the 295 companies questioned would choose Ireland.

The survey found that comparatively low wage rates, good industrial relations and Ireland's "renowned" incentive package were the main sources of attraction. Small and

numbers below target. Indeed, some of the comparatively new plants in Ireland are already behind the labour-saving technology in use in the U.S.A.

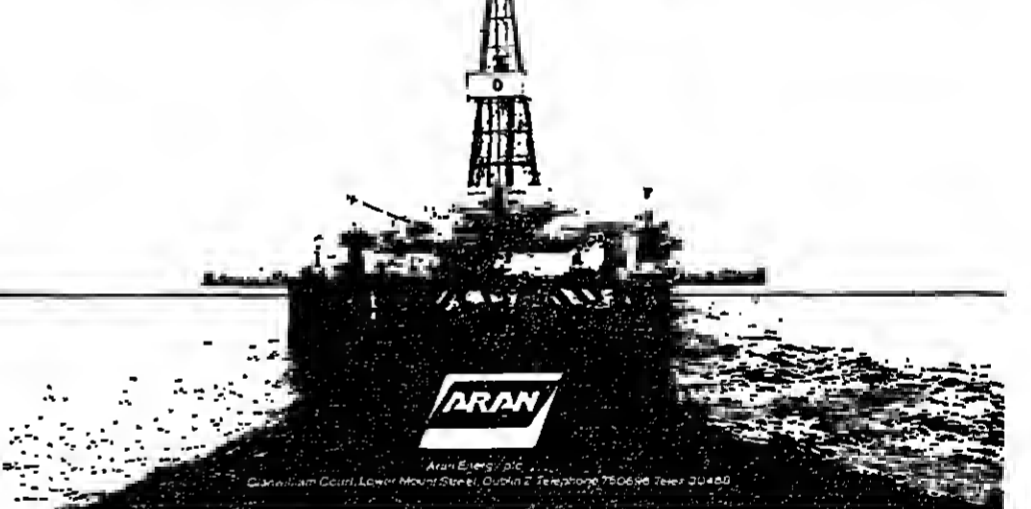
There is a danger here which Irish workers may not fully appreciate. There is evidence that electronics companies are willing to pay generous wage increases to maintain industrial peace. In the present wage round, such companies are among the early settlers, with 10 per cent pay rises being typical. This is a rate which traditional industries, and the Government itself, would not want to follow.

But it is likely that the companies would respond very quickly if, at the end of the day, Irish workers were to lose their competitive edge in wage-rates, either by re-testing or shedding jobs through introducing new technology.

Output from the industry is now over 151bn per year, with computers themselves accounting for over half the total. Output increases of around 12 per

CONTINUED ON NEXT PAGE

BRINGING HOME IRELAND'S NATURAL RESOURCES FROM SEA AND LAND



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IRELAND 4

Tricky period ahead for dairy farmers

Agriculture

BRENDAN KEENAN

IRISH DAIRY farmers face a tricky period of change as a result of the imposition of the EEC superlevy on milk, but it is one which would, nevertheless, turn to their advantage. Although it will severely check the rapid rise in their milk output of recent years it could also bring them salutary benefits in other ways.

Change will probably come in the form of an increase in their output of other products. Such a trend has probably already begun, and there are even hopes that it may lead to a rise rather than a fall in the incomes of many farmers. It is early days yet, however, and any such change is likely to be strewn with pitfalls for a country that relies more on dairying than any other EEC member state.

Milk has been growing in importance for Irish agriculture in recent years, rising from 24 per cent of gross farm output in 1971 to 35 per cent last year. It represented around 5848m in gross revenue to farmers in 1983, and in product form constituted 10 per cent of national exports.

What farmers will now have to try to do is produce a finite quantity of milk from the smallest number of cows, and use any spare land for other farm output. They are likely to use it for more sheep, beef cattle and cereals, each of which will in turn contribute to their income.

They will have been helped by the fact that a decision on the superlevy came at the end of March. This was in time for the main season for insemination of the cow herd. It will become clear before long whether there is a swing towards insemination by beef-type bulls, which would indicate a rise in future beef output.

Industry-watchers are currently divided on how effectively any such change can be carried through. Talk to one expert and he will tell you that

the better farmers will do well while the more numerous but less-skilled will lose out. Even on the direct issue of milk, one farm economist will say that creameries will be able to fine tune deliveries to meet the quota, while another maintains that a spell of dry weather could mean the quota will not be reached.

What they all agree on is that it would have been more convenient not to have had a superlevy at all, and hope regret the political effort that was put into saving Ireland from its full rigour.

Reaction

The Government campaign to escape from the 94.7p per gallon levy was the most thoroughgoing since Ireland entered the Common Market 11 years ago. The Irish Prime Minister walked out of the Brussels summit in March this year because he felt the other leaders were not being generous enough.

Dr Garret Fitzgerald's approach was based on the idea that a secure basis for dairying was a major pillar for Ireland's membership of the EEC. The country was more suited to dairying, due to its abundant grass, than any other member state.

Although milk output had risen dramatically from 3.5m tons in 1972 to 5.5m tons last year, securing significant increases in rural prosperity on the way, he argued that the country still had some way to go to fulfil its natural vocation as the dairy land of Europe.

At the end of March, when the farming crisis in the EEC was resolved, Ireland won more generous treatment than any other member-state. Agriculture ministers granted it permission to produce 4.6 per cent more than its 1983 deliveries. This compared with a general permitted level over the next few years of 1981 levels plus 1 per cent.

Little critical attention was paid to the case made by the Government, but in fact Dr Fitzgerald was being a little fanciful in suggesting that the Irish herd should or could



Ireland's milk production rose dramatically last year to 5.5m tons. Above: cows graze at Youghal, near the Drum Hills.

reach continental levels of milk yield. The Irish cow is usually a "dual purpose" animal that produces male progeny for the beef herd as well as females for dairying. It is genetically balanced to produce a calf that converts feed into beef as well as milk. Such a herd is over spreading "the gospel of milk."

Almost every herd now has cows that produce well under the average, and they are not particularly profitable. If they are got rid of as a result of the new EEC regime, their owners' incomes will not suffer unduly, and they can use the land for something that is potentially more profitable.

This, however, is probably the kernel of the matter. It has been the orthodox view in Ireland over recent years that milk is by far the best bet for the "average small farmer," and what this means is that it will make money even on a poorly-run farm.

Many farmers still lack even the most rudimentary yield-recording system to enable them to manage their farms in a businesslike way. And the problem they face in adjusting to the new conditions is that no other product has such a catch-all support system under the CAP as milk. Whatever they turn to will mean extra risk.

They will be helped, however, by the fact that the March settlement increased prices for all products including milk. This arose largely because Irish

farmers, unlike their British counterparts, were awarded a change in the green rate. It resulted in a predicted rise of 1 1/2 per cent in milk, 3 per cent to 4 per cent for beef, 2.3 per cent for pigmeat, 5 per cent for sheep, and 2.3 per cent for cereals and sugar.

One positive benefit of the operation of the superlevy elsewhere in Europe may also be a strengthening in the market for newer high value dairy products. Although the Irish dairy industry wants to produce more of these, creameries have found that they produce a poorer return than the CAP-supported products of butter and skim milk powder.

Opportunities

Officials of the Irish dairy board, Bord Baine, point out that such products also require limited amounts of milk and, of themselves, are unlikely to be an answer to surpluses. They believe their opportunities for selling branded Kerrygold butter in the UK market have been damaged by British regulations which are contrary to EEC regulations. A complicated legal battle is underway in the British courts between Bord Baine and the Milk Marketing Board to decide who is right.

If sophisticated products become more attractive they will create a demand for more year-round milk rather than the seasonal supply that suits butter, and this in turn, will lead to more sophisticated herd management, underpinned by premium prices.

Irish farmers have been assured under the March settlement that they will be first in line for any shortfalls to be redistributed from other countries, if they fulfil their own quota.

Campaign to draw overseas visitors

WHEN U.S. President Ronald Reagan discovered his Irish roots in Ballyporeen recently, many in the Irish tourist industry were hoping that his example would be followed by many more Americans. The "returning" American of Irish descent has been a disappearing species, and Irish tourism has not yet caught up with an equivalent share of general U.S. visitors to Europe. The end of major Irish emigration to the U.S. in the 1950s means fewer nostalgic trips back to the land of their forefathers. The 300,000 U.S. tourists who come to Ireland are only a fraction of the total crossing the Atlantic. Around 70 per cent of visitors to Europe from the U.S. have already visited Europe before, without coming to Ireland.

The current \$2m promotion campaign by the Irish tourist authority, Bord Failte, is aimed at improving the image of Ireland as a place worth a visit in its own right. The main problem seems to be that Ireland's image as an "unspoilt" land also conjures up pictures of a country where it is impossible to get such facilities as a shower or a decent hotel meal. President Reagan's decision to spend two days in a private hotel, Ashford Castle in Co Mayo, may help dispel these myths.

So, the theme of this year's U.S. promotion is "unexpected pleasures." There is greater liaison than in the past with the Irish national airline, Aer Lingus, to make sure that advertising links in with this theme.

Air fares are a continuing problem in persuading more Americans to make Ireland their first stop-off to a European tour. Bord Failte believes it has a competitive fare structure this year, but much depends on the value of the dollar in a particular year, as well as Aer Lingus's calculations and the amount of competition.

Overall, the Irish hope for an increase in North American visitors of between 6 and 10 per cent.

British visitors are by far the most numerous, with over 1m coming every year, but the returned emigrant factor is even stronger, with a majority of the visitors probably Irish-born and returning to see friends and relations. That is the main reason why revenue per head from UK visitors is only one-

third of that from American holidaymakers. It can be difficult to sell Irish holidays to British people without Irish connections. Officials say that Britons are often less well-informed about political conditions in the Republic than U.S. or Continental tourists, despite the geographical proximity. In general, though, Bord Failte believes that Ireland has a fair share of what is called the "non-sun" market in Britain.

The sharp rise in visitors from the Continent during the 1970s slackened a bit in the last three years, reflecting the mata bugbear of Irish tourism: prices.

Tourism

BRENDAN KEENAN

High Irish inflation between 1981-83, and the Irish punt's fixed exchange in the European Monetary System meant a serious decline in competitiveness in Continental markets, mainly Germany and France, which account for two-thirds of visitors.

VAT rates of 18 per cent on hotel accommodation and 23 per cent on meals do not help and the hotel industry is lobbying hard for further reductions. Officials hope that in future they can at least hold their competitive position.

Interest in Irish holidays remains strong, especially in West Germany. Bord Failte staged promotions in nine major cities last year, promoting holidays in Irish goods. Despite the fact that there were admission charges to the events, all of the programmes were packed out.

Freesh holidaymakers have accounted for a growing proportion of the 300,000 Continental visitors. Their numbers were affected last year by restrictions on the export of currency from Europe, but it is hoped numbers may be up 5 per cent this year.

Bord Failte is looking to Italy and Scandinavia as potentially important markets for growth. The Italians, in particular, are overcoming their traditional reluctance to leave their own shores. Scandinavians, meanwhile, are attracted to the idea of Ireland's cultural distinctiveness.

Strong emphasis on electronics

CONTINUED FROM PREVIOUS PAGE

cent have been recorded in each of the last two years. Profitability would also appear to be good. Probably more than half the IEL2bn profits earned by foreign companies in Ireland last year were in the electronics sector.

Some change in strategy may be on the way. In the wake of the recent proposals on industrial policy, there seems certain to be more emphasis on increasing the linkages between the electronics firms and the rest of the economy, and encouraging the development of indigenous companies.

Debate

There has been much debate about the status of the electronics firms located in Ireland after the report of U.S. consultants Telesis two years ago criticised its lack of sophistication and integration with the economy. Ireland has plenty of people with training or skills in elec-

tronics, not the typical small software company, with less than half a dozen employees, is producing basic packages in established areas such as accounting or sales. The Software Centre may help them specialise. Memory computer itself owes much of its success to developing specialised products in areas with little competition, such as credit unions and milling.

Key element

Memory was already well-established before it received significant IDA help but Lake was a product of the authority's Enterprise programme to help people start their own businesses. There too, the initial impetus was on systems specifically developed for the needs of the Irish telecommunications services.

Lake also marks a first for IDA in developing a financial package to take the company from small, home-based to one which can compete on world export markets. This is something which Irish institutions will have to develop if they are

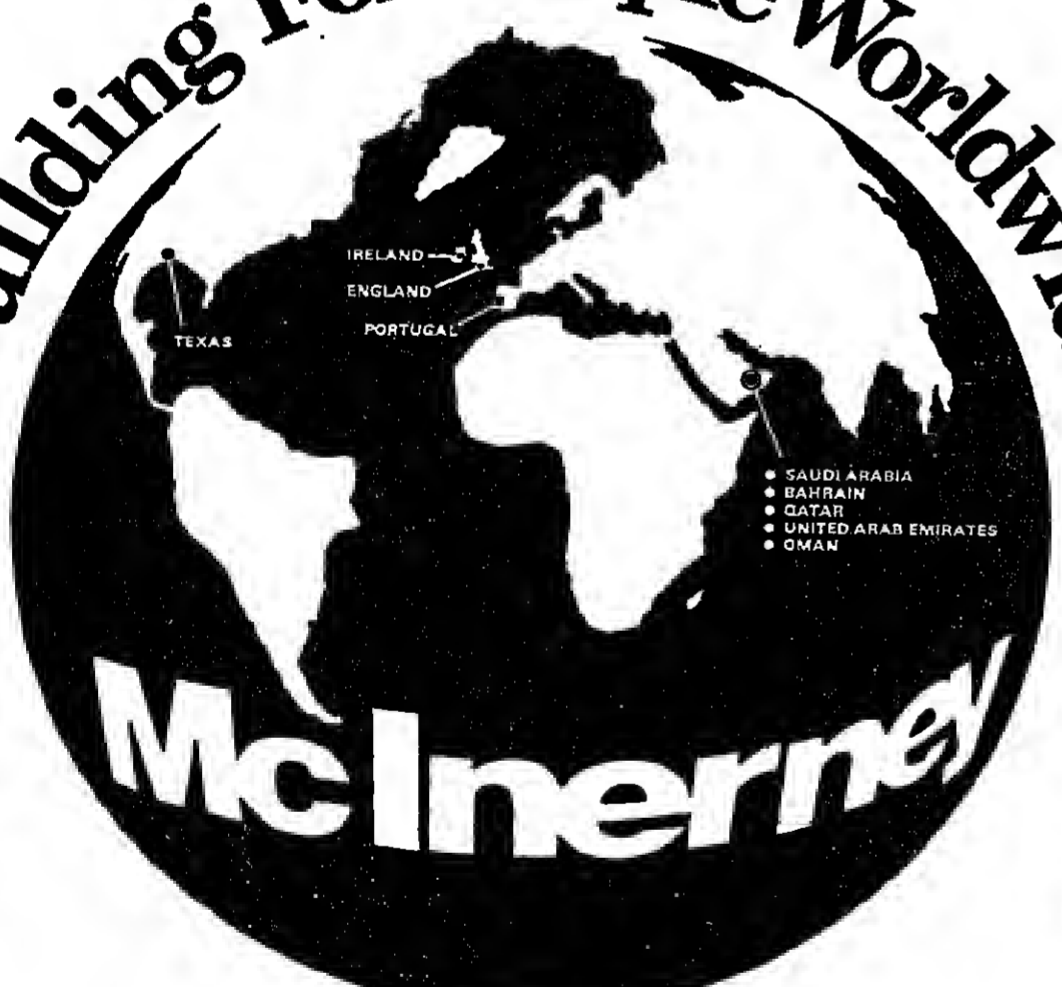
to succeed in building an indigenous industry.

Lake also illustrates a point made by Telesis: that public procurement can be a key element in launching successful companies. Many Irish companies feel there is a flaw in the strategy here, with millions being spent on incentives but little sympathy for Irish companies seeking public contracts, especially in the electronics sector.

Procurement, of course, comes under strict rules, but there is evidence that companies with manufacturing bases in Ireland have done better on public contracts. Eevee might IBM, which does not manufacture in Ireland, has been stressing the importance of its research operation and purchasing policy in Ireland—presumably to match the claims of the likes of Digital and Wang to be good corporate citizens.

But a policy to seek out—perhaps launch—Irish companies which can supply Government contracts is another matter and there is not as yet, much sign of such a policy.

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NFC links up with Union Int.

BY ALEXANDER NICOLL

COLD STORAGE interests of National Freight Consortium, the employee-owned transport and travel group, have been merged with those of the Vestey family's Union International.

Mr. Edmund Vestey, deputy chairman of Tempo Union and a director of International, said the merger would enhance the distribution capabilities of both parents while avoiding the need for each to spend substantially on new facilities.

Prudential 47% lift in single premiums

A 47 PER CENT growth in worldwide single premiums is reported by Prudential Corporation for the six months ended June 30 1984. They rose from £135.4m in 1983 to £199.3m, while annual premiums showed little change at £142.8m, against £144.3m.

Duncan Campbell-Smith looks at the regional brewers Many ways to achieve growth

THE REGIONAL and national brewers have long since departed from the David and Goliath script painstakingly set out for them by the City two years ago. The various strategies now being improvised by the regional project none of the volume growth which was once expected to send tiny stones hurtling in the major brewers' direction.

The successful resolution for Matthew Brown last Tuesday of the problems over its bid for T. and R. Theakston comes none too soon and should fit well with Brown's purchase of its John Smith pubs in February—though the Theakston name looks a bit exotic by comparison.

The company's strategy as an unwaveringly passive investor is apparently unchanged, supporting the management's line whenever take-overs threaten. But as the trend towards consolidation gathers pace amongst its investments, WIC might well greet the occasional bid recommendation with understandable relief.

EQUITIES

Table of stock prices and movements for various equities, including shares like Anglo Saxon, Biffert, and others.

FIXED INTEREST STOCKS

Table of fixed interest stocks, including bonds and debentures from companies like Anglo Saxon and Biffert.

COMPANY NEWS IN BRIEF

Net taxed revenue of the Alva Investment Trust for the year ended February 28 1984 has fallen from £154,000 to £141,000, and the dividend is cut from 10.5p to 8p with a final 4.5p. Earnings were down to 3.06p (9.42p).

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"RIGHTS" OFFERS

Table of rights offers for various companies, including Anglo Saxon, Biffert, and others.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend rate paid or payable on full capital cover based on dividend on full capital. Assumed dividend and yield. Forecast dividend cover based on previous year's earnings. C Company. Dividend and yield based on prospectus or other official estimates for 1984. D Gross. E Pence unless otherwise stated. F Issued by tender. G Offered to holders of ordinary shares as a "rights" issue by way of capitalisation. H Reintroduced. I Issued in connection with reorganisation merger or takeover. J Announcement (for July only). K Introduction. L Unlisted Securities Market. M Placing price. N Official London Listing. P No par value.

BIDS AND DEALS IN BRIEF

Comben, the Bristol-based housebuilding company, will recommend shareholders to accept last week's 5.2m bid from Trafalgar House, the shipping and construction group which already has a 48 per cent holding. Trafalgar House launched its 77p per share bid by surprise last Friday immediately after acquiring almost all its present stake from a subsidiary of Hawker Siddeley.

FT Share Information

The following securities have been added to the FT Share Information Service: Home Charm Group 7pc Cav. Uas, Loan Sht. 97/04 (Section: Drapery & Stores); Sutherland (E. T.) & Son (Food, Groceries).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

WICO, GALLOWAY & PEARSON LIMITED MEMBER OF THE STOCK EXCHANGE commences trading today in succession to the partnership of GALLOWAY & PEARSON The former partners are all associated with the new company in which a wholly owned subsidiary of Exco International p.l.c. has a 29.9% interest

The Bank of Nova Scotia (a Canadian Chartered Bank) Scotiabank US\$100,000,000 13% Deposit Notes due 15th July, 1987 Issue Price: 100% J. Henry Schroder Wagg & Co. Limited

PENDING DIVIDENDS Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of the year's announcements except where the forthcoming board meetings (indicated thus) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

FINANCIAL TIMES STOCK INDICES Table with columns for Government Secs, Fixed Interest, Industrial Ord, Gold Mines, FT Act. All-Share, FT 100 and rows for various dates from June 29 to July 1984.

Closing prices June 29

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of stock prices with columns for stock name, price, and change. Includes sub-sections like 'D-D-D', 'H-H-H', 'M-M-M', and 'O-O-O'.

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices June 29

12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low	12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low	12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low
120.00	115.00	IBM	12.00	120.00	115.00	120.00	115.00	IBM	12.00	120.00	115.00	120.00	115.00	IBM	12.00	120.00	115.00
100.00	95.00	Microsoft	15.00	100.00	95.00	100.00	95.00	Microsoft	15.00	100.00	95.00	100.00	95.00	Microsoft	15.00	100.00	95.00
80.00	75.00	Apple	10.00	80.00	75.00	80.00	75.00	Apple	10.00	80.00	75.00	80.00	75.00	Apple	10.00	80.00	75.00
60.00	55.00	Oracle	8.00	60.00	55.00	60.00	55.00	Oracle	8.00	60.00	55.00	60.00	55.00	Oracle	8.00	60.00	55.00
40.00	35.00	Unisys	6.00	40.00	35.00	40.00	35.00	Unisys	6.00	40.00	35.00	40.00	35.00	Unisys	6.00	40.00	35.00
20.00	15.00	QED	4.00	20.00	15.00	20.00	15.00	QED	4.00	20.00	15.00	20.00	15.00	QED	4.00	20.00	15.00
10.00	5.00	QED	2.00	10.00	5.00	10.00	5.00	QED	2.00	10.00	5.00	10.00	5.00	QED	2.00	10.00	5.00

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low	12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low	12 Month High	Low	Stock	Dr. Yld. P/100s	High	Low
100.00	95.00	IBM	12.00	100.00	95.00	100.00	95.00	IBM	12.00	100.00	95.00	100.00	95.00	IBM	12.00	100.00	95.00
80.00	75.00	Microsoft	15.00	80.00	75.00	80.00	75.00	Microsoft	15.00	80.00	75.00	80.00	75.00	Microsoft	15.00	80.00	75.00
60.00	55.00	Apple	10.00	60.00	55.00	60.00	55.00	Apple	10.00	60.00	55.00	60.00	55.00	Apple	10.00	60.00	55.00
40.00	35.00	Oracle	8.00	40.00	35.00	40.00	35.00	Oracle	8.00	40.00	35.00	40.00	35.00	Oracle	8.00	40.00	35.00
20.00	15.00	Unisys	6.00	20.00	15.00	20.00	15.00	Unisys	6.00	20.00	15.00	20.00	15.00	Unisys	6.00	20.00	15.00
10.00	5.00	QED	4.00	10.00	5.00	10.00	5.00	QED	4.00	10.00	5.00	10.00	5.00	QED	4.00	10.00	5.00

See figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s); b-annual rate of dividend plus stock dividend; c-liquidating dividend; d-called; e-new yearly low; e-dividend declared or paid in preceding 12 months; g-dividend in Canadian funds, subject to 10% non-residence tax; i-dividend declared after split-up or stock dividend; j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting; k-dividend declared or paid this year, an accumulative issue with dividends in arrears; n-new issue in the past 52 weeks; The high-low range begins with the start of trading on next day delivery; P/E-price-earnings ratio; r-dividend declared or paid in preceding 12 months, plus stock dividend; s-stock split; Dividends begin with date of split; \$e-sales; i-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date; u-new yearly high; v-trading halted; w-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies; when distributed; w-when issued; x-warrant; y-as-dividend or ex-right; z-as-distribution; z-without warrants; y-as-dividend and sales in full; yld-yield; z-sales in full.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices June 28

Table with columns: Stock, Sales (High, Low, Last, Chg), Stock, Sales (High, Low, Last, Chg), Stock, Sales (High, Low, Last, Chg). Includes sections for A-Z, G-I, J-L, M-O, P-R, S-Z, and various industry groups like Chemicals, Electronics, etc.

CANADA

TORONTO

Closing prices June 29

Table with columns: Stock, High, Low, Last, Chg. Lists various Canadian stocks including banks, resource companies, and industrial firms.

SPAIN

1984 June 28 Price

Table with columns: High, Low, Price. Lists Spanish stocks such as Banco Bilbao, Banco Central, and various industrial companies.

JAPAN

1984 June 28 Price

Table with columns: High, Low, Price. Lists Japanese stocks including Ajinomoto, Asahi, Daiichi Kangaro, and others.

AUSTRALIA

1984 June 29 Price

Table with columns: High, Low, Price. Lists Australian stocks such as ANZ Group, BHP, Broken Hill, and others.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table with columns: 12 Month High, Low, Stock, Div. Yld. %, P/E, 100s High, Low, Date, Chg. Lists major US stocks like IBM, GE, Ford, and others.

AUSTRIA

1984 June 29 Price

Table with columns: High, Low, Price. Lists Austrian stocks including Creditanstalt, Erste Bank, and others.

NORWAY

1984 June 28 Price

Table with columns: High, Low, Price. Lists Norwegian stocks such as Bergens Bank, Christiania Bank, and others.

SWITZERLAND

1984 June 29 Price

Table with columns: High, Low, Price. Lists Swiss stocks including Albulase, Bank Leu, and others.

SWEDEN

1984 June 29 Price

Table with columns: High, Low, Price. Lists Swedish stocks such as AGA, Alfa Laval, and others.

SOUTH AFRICA

1984 June 28 Price

Table with columns: High, Low, Price. Lists South African stocks including Anglo American, De Beers, and others.

HONG KONG

1984 June 29 Price

Table with columns: High, Low, Price. Lists Hong Kong stocks such as Bank East Asia, HSBC, and others.

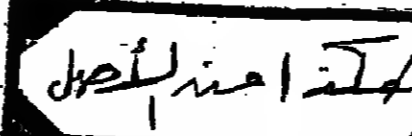
SINGAPORE

1984 June 29 Price

Table with columns: High, Low, Price. Lists Singapore stocks including Boustead Holdings, Guthrie, and others.

Continued on Page 29

ENERGY REVIEW every Wednesday in the Financial Times



WORLD STOCK MARKETS

WALL STREET Recovery remains tentative

THE PAST fortnight has been a troublesome time for Wall Street and the U.S. investment community...

The response of the financial markets has been somewhat irregular. The federal bond market has fallen by around two points...

The blow came when the Commerce Department announced its "flash" esti-

mate of 5.7 per cent annual growth rate in GNP in the second quarter. The increase was substantially above market expectations...

The news was quickly followed by the disclosure of increases of 0.6 per cent in personal income and of 1.1 per cent in personal spending in May...

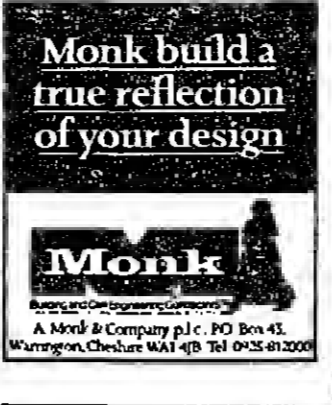
The bond market slumped heavily on the GNP announcement and has since remained flat as traders wait apprehensively for the outcome of the Treasury's \$15.5bn mini-refunding...

Last week's half-point rise to 13 per cent in bank prime rates had become almost inevitable, in view of the upward pressures on money market and other short term rates...

market committee meets on July 15-17. The stock market had already run into trouble before the GNP flash announcement. It plunged sharply on June 18, taking the Dow Jones industrial average down to 1086.80...

Since touching its 18-month low, the stock market has climbed, painfully and sometimes erratically, up to the 1132 range on the Dow scale. But there have been several bouts of selling by the major institutions and the mood remains cautious, at best.

Stock in IBM dropped below \$100 after adverse investment comment on the profits outlook but has recovered some of the ground lost.



£8m orders placed with MJ Gleeson

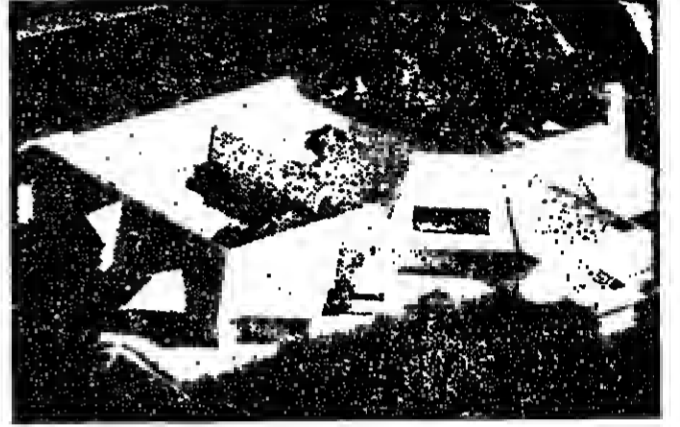
M. J. GLEESON GROUP has four contracts—one in Sheffield and three in Manchester, worth a total of more than £8m. Largest is worth £4.5m for the superstructure of the Sheffield central fire station complex...

CONSTRUCTION CONTRACTS £26m work for Balfour Beatty

BALFOUR BEATTY CONSTRUCTION has won contracts worth £26m. The southern construction division has been awarded its third contract for the GLC on the Rochester Way relief road scheme...

It is due for completion by the end of next year. The flats will be predominantly for the elderly, and there will be a resident warden and warden-call system, with centralised heating.

LOVELL CONSTRUCTION (SOUTHERN) has won contracts worth £3.6m for housing at Guildford and retail showrooms at Swindon.



WIMPEY CONSTRUCTION UK has started work on a £1.3m contract for construction of the Princess Alice Hospice on a 3.5 acre site at Esber.

OVER-THE-COUNTER

Table with columns: Stock, Sales (Units), High, Low, Last, Chng. Includes various stock listings.

Table with columns: Stock, Sales (Units), High, Low, Last, Chng. Includes various stock listings.

Table with columns: Stock, Sales (Units), High, Low, Last, Chng. Includes various stock listings.

Indices

NEW YORK DOW JONES

Table showing Dow Jones index data for June 1984, including high, low, and change.

STANDARD AND POORS

Table showing Standard and Poors index data for June 1984.

N.Y.S.E. ALL COMMON

Table showing NYSE All Common index data for June 1984.

TORONTO

Table showing Toronto stock index data for June 1984.

NEW YORK ACTIVE STOCKS

Table showing active stock data for New York.

AMSTERDAM

Table showing Amsterdam stock index data for June 1984.

BRUSSELS

Table showing Brussels stock index data for June 1984.

FRANKFURT

Table showing Frankfurt stock index data for June 1984.

PARIS

Table showing Paris stock index data for June 1984.

BERLIN

Table showing Berlin stock index data for June 1984.

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

- July 19-22: Insurance Information Exchange Exhibition (0233 624499) City Conference Centre
- July 23-25: Royal Show (0203 555100) National Agriculture Centre, Reaultworth
- July 26-28: International Military Helicopter and Equipment Exhibition (01-643 8040) Middle Wallop

OVERSEAS TRADE FAIRS

- August 24-26: International Men's Fashion Week and Jeans Fair (01-830 7251) Cologne
- August 28-30: International Security Conference and Exhibition (01-633 5051) New York
- September 5-8: International Trade Fair for Hotels, Restaurants, Catering and Foods—HOTELRES (01-633 1158) Bangkok

BUSINESS CONFERENCES

- Current: The Institute of Petroleum: 10th Energy Seminar (until July 7) (01-636 1004) Robinson College, Cambridge
- July 3: Headline Conferences: "Money for Business" UK Industrial Incentives (0272 20234) Bristol
- July 3: Macfarlane Conferences: The New Age of Pharmaceutical Marketing—maximising the effectiveness of reduced promotional budgets (01-637 7435) Portman Hotel, WI

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange...

NATIONAL BANK OF CANADA U.S. \$50,000,000 FLOATING RATE DEPOSIT NOTES DUE JULY 1991. Includes list of agents and branch locations.

COGEFAR COSTRUZIONI GENERALI S.p.A. Lire 12,000,000,000 "evergreen" facility. Includes details of the facility and contact information.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), Alliance Home, and Allied Unit Trusts Limited, with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Group-Continued, British Home, and British Life Unit Trust Mgrs. (a), with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Life Unit Trust Mgrs. (a), British Life Unit Trust Mgrs. (b), and British Life Unit Trust Mgrs. (c), with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Life Unit Trust Mgrs. (a), British Life Unit Trust Mgrs. (b), and British Life Unit Trust Mgrs. (c), with columns for name, manager, and performance metrics.

Table listing various unit trusts such as British Life Unit Trust Mgrs. (a), British Life Unit Trust Mgrs. (b), and British Life Unit Trust Mgrs. (c), with columns for name, manager, and performance metrics.

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Table listing various unit trusts such as British Life Unit Trust Mgrs. (a), British Life Unit Trust Mgrs. (b), and British Life Unit Trust Mgrs. (c), with columns for name, manager, and performance metrics.

F.T. CROSSWORD PUZZLE No. 5455

- CROSS
1 Cargo list is easily seen (6)
2 Crown the spider (6)
3 Soak with little money becomes taciturn (8)
4 Eagle or Puffin (6)
5 Just beginning a tonic he mixed (5)
6 The French chap goes to old city for work (6)
7 Competent, but not if price is altered (10)
8 There's scope in postscript for obvious remarks (10)
9 Itinerant dealer once a sponger (6)
10 No rating could be so uninformed (8)
11 Argue about an issue (6)
12 Building material having solid centre? (8)
13 Almost laughable - I'm returning to rich Englishman (16)
14 Supporter heard ten misbehaving (8)
DOWN
1 Deposit may spoil drink (16)
2 See me for one going round in charge (6)
3 Noisy performer acquires agent (6)
4 Ration a sum allocated to medical institution (10)

Crossword puzzle grid with numbered squares and a solution key at the bottom.

FT UNIT TRUST INFORMATION SERVICE
Main title and sub-sections for various unit trust managers and funds.

INSURANCES
List of insurance companies and their services.

Financial Times logo and contact information.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Sava & Prosper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including Grindley Henderson Mgt Ltd, GRI International Invest Mgrs Ltd, and various international investment funds.

Table of money market and trust funds including Standard Chartered Bank, Citicorp, and various international investment funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Acthonds Investment Fund SA, Adagio Investment, and various international investment funds.

Money Market Trust Funds

Table of money market trust funds including Standard Chartered Bank, Citicorp, and various international investment funds.

Money Market Bank Accounts

Table of money market bank accounts including Standard Chartered Bank, Citicorp, and various international investment funds.

FT LONDON SHARE INFORMATION SERVICE

WOLSELEY-HUGHES From Leeds to Louisiana we're growing from strength to strength

BRITISH FUNDS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

Five to Fifteen Years Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

Over Fifteen Years Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

Undated Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

Index-Linked Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

GOVT. BANK AND O'SEAS INT. BANKING ISSUES Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

CORPORATION LOANS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

COMMONWEALTH AND AFRICAN LOANS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

LOANS Building Societies Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

AMERICANS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

BEERS, WINES - Cont. Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

BUILDING INDUSTRY, TIMBER AND ROADS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

CANAOIANS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

BANKS, HP & LEASING Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

CHEMICALS, PLASTICS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

DRAPERY AND STORES Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

BEERS, WINES & SPIRITS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

FOREIGN BONDS & RAILS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

DRAPERY & STORES - Cont. Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

ELECTRICALS Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

ENGINEERING - Continued Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

ENGINEERING - Continued Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

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ENGINEERING - Continued Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

ENGINEERING - Continued Table with columns: Fund Name, Stock Price, Dividend Yield, etc.

HOTELS - Continued

Large table of hotel information including names, locations, and financial data.

Handwritten note: "Handwritten note at the top center of the page, possibly a date or reference." The text is partially obscured and difficult to read.

Financial Times Monday July 2 1984

INDUSTRIALS—Continued

Table of stock prices for various industrial companies, including columns for stock name, price, and other financial metrics.

LEISURE—Continued

Table of stock prices for various leisure and entertainment companies, including columns for stock name, price, and other financial metrics.

PROPERTY—Continued

Table of stock prices for various property and real estate companies, including columns for stock name, price, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of stock prices for various investment trusts, including columns for stock name, price, and other financial metrics.

OIL AND GAS—Continued

Table of stock prices for various oil and gas companies, including columns for stock name, price, and other financial metrics.

Whittingham Property logo and contact information: WOLVERHAMPTON (0902) 53891, LONDON 01-491 1438.

MINES—Continued

Table of stock prices for various mining companies, including columns for stock name, price, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of stock prices for various motor and aircraft trade companies, including columns for stock name, price, and other financial metrics.

Motors and Cycles

Table of stock prices for various motor and cycle companies, including columns for stock name, price, and other financial metrics.

Commercial Vehicles

Table of stock prices for various commercial vehicle companies, including columns for stock name, price, and other financial metrics.

Components

Table of stock prices for various component companies, including columns for stock name, price, and other financial metrics.

Garages and Distributors

Table of stock prices for various garage and distributor companies, including columns for stock name, price, and other financial metrics.

Tins

Table of stock prices for various tin companies, including columns for stock name, price, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of stock prices for various newspaper and publisher companies, including columns for stock name, price, and other financial metrics.

PAPER, PRINTING ADVERTISING

Table of stock prices for various paper, printing, and advertising companies, including columns for stock name, price, and other financial metrics.

PROPERTY

Table of stock prices for various property companies, including columns for stock name, price, and other financial metrics.

INSURANCES

Table of stock prices for various insurance companies, including columns for stock name, price, and other financial metrics.

PROPERTY

Table of stock prices for various property companies, including columns for stock name, price, and other financial metrics.

REGIONAL & IRISH STOCKS

Table of stock prices for various regional and Irish stocks, including columns for stock name, price, and other financial metrics.

LEISURE

Table of stock prices for various leisure companies, including columns for stock name, price, and other financial metrics.

PROPERTY

Table of stock prices for various property companies, including columns for stock name, price, and other financial metrics.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound depressed by firm dollar

BY COLIN MILLHAM

Sterling fell to record lows against the dollar last week, but this was more a reflection of the strength of the U.S. currency than any serious underlying weakness of the pound.

for about 15 months. Obvious reluctance of the Bank of England to see higher interest rates, after its statement yesterday, has dampened the market's expectations of a monetary easing.

The pound gained a little ground against the Swiss franc, but because of its weakness against the dollar the trade-weighted index for sterling fell to 78.8 during the week, the lowest level

Sterling touched an all time trading low of \$1.3425-1.3435 on Thursday, and on Wednesday finished at a record closing low of \$1.3490-1.3500. The dollar gained an early

boost last week from news on the previous Friday that the U.S. Senate had voted to repeal payment of withholding tax for foreign investors. Further developments in the Gulf war increased demand for the U.S. currency, but the main reason for its strength remained high interest rates.

The dollar rose above DM 2.80 for the first time since February, but failed to sustain this level, finishing the week at DM 2.7820 following a slight easing of the

Federal funds rate in New York, intervention by central banks, and so on to the strike by German engineering workers. The Bundesbank gave its heaviest support to the D-mark so far this year on Monday, and remained quite active later in the week, although activity in the market tended to run down by Friday as traders squared their books at the month end.

£ in New York

Spot (91.5670-5680) 1.5555-55.5-5 1 month 0.54-0.56 0.53-0.55 3 months 0.52-0.54 0.51-0.52 6 months 0.51-0.53 0.50-0.51 12 months 0.50-0.52 0.49-0.50

LONDON

Table with columns for currency (EURODOLLAR, \$/£m) and price (Close, High, Low, Prev). Includes data for spot, 1 month, 3 months, 6 months, and 12 months.

FINANCIAL FUTURES

Table with columns for contract (FT-90 100 INDEX, U.S. TREASURY BILLS, etc.) and price (Close, High, Low, Prev).

THE POUND SPOT AND FORWARD

Table showing spot and forward rates for various currencies including US Dollar, Canadian Dollar, Australian Dollar, etc.

FORWARD RATES AGAINST STERLING

Table showing forward rates for various currencies against the sterling.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing tender results for Bank of England Treasury Bills, including bill type, amount, and bid rate.

THE DOLLAR SPOT AND FORWARD

Table showing spot and forward rates for the dollar against various currencies.

OTHER CURRENCIES

Table showing exchange rates for various international currencies like the Japanese Yen, Hong Kong Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit (ECU) rates for various member countries.

EXCHANGE CROSS RATES

Table showing cross exchange rates between various currencies like the Pound Sterling, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing interest rates for various Euro-currency deposits and loans.

MONEY MARKETS

Calmer nerves in London

There was little change in interest rates in the London money market last week as conditions stayed calm despite the fall of sterling against the dollar.

Similar sentiments were expressed by the Bank of England last week, and better than expected M3 money supply figures and Public Sector Borrowing Requirement to May earlier in the month, were taken to mean that sterling would be allowed to decline slowly against the dollar rather than put up

interest rates could not be excluded. In deciding the appropriate level, similar sentiments were expressed by the Bank of England last week, and better than expected M3 money supply figures and Public Sector Borrowing Requirement to May earlier in the month, were taken to mean that sterling would be allowed to decline slowly against the dollar rather than put up

Three-month interbank was steady at around 9 1/2 per cent, and there was little or no reaction to the rise to 9 1/2 per cent from 9 per cent in Lloyds Bank and National Westminster's base lending rate, since this only brought the other two major high street banks into line with Barclays and Midland.

MONEY RATES

Table showing money rates for various currencies like the Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES

Table showing London money rates for various terms like Overnight, 7 days, etc.

Discount Houses Deposit and Bill Rates

Table showing discount house deposit and bill rates for various terms.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies and terms.

MONEY RATES

Table showing money rates for various currencies and terms.

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Large advertisement for ACCOR, featuring 'HOTELS, CATERING AND SERVICES THROUGHOUT THE WORLD' and 'Accor distributes 190 million meal vouchers throughout the world.'

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